As filed with the Securities and Exchange Commission on May 12, 2021.

Registration No. 333-255393

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Amendment No. 1
to
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CENTESSA PHARMACEUTICALS LIMITED*

(Exact Name of Registrant as Specified in Its Charter)

England and Wales	2834	Not Applicable
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Centessa Pharmaceuticals Limited
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Altrincham, Cheshire,
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+44 7391 789784
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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Chief Executive Officer
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Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this registration statement.

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, please 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	☐	Accelerated Filer	☐
Non-Accelerated Filer	☒	Smaller Reporting Company	☒
		Emerging Growth Company	☒

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

Calculation of Registration Fee

Title of each class of securities to be registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Ordinary shares, nominal value £0.001 per share(3)	$100,000,000.00	$10,910.00

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act, as amended. Includes the aggregate offering price of additional ordinary shares represented by American Depositary Shares, or ADSs, that the underwriters have the option to purchase to cover over-allotments, if any.

(2) Calculated pursuant to Rule 457(o) under the Securities Act based on an estimate of the proposed maximum aggregate offering price. Such amount was previously paid with the original filing of this Registration Statement on April 21, 2021.

(3) These ordinary shares are represented by ADSs, each of which represents one ordinary share of the registrant. ADSs issuable upon deposit of the ordinary shares registered hereby are being registered pursuant to a separate registration statement on Form F-6.

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 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

* We intend to alter the legal status of our company under English law from a private limited company by re-registering as a public limited company and changing our name from Centessa Pharmaceuticals Limited to Centessa Pharmaceuticals plc prior to the completion of this offering. See the section titled "Share Capital Reorganization and Re-Registration" in the prospectus which forms a part of this registration statement.

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated May 12, 2021

American Depositary Shares

Representing Ordinary Shares

This is an initial public offering of the American Depositary Shares, or the ADSs, of Centessa Pharmaceuticals plc. We are offering ADSs. Each ADS represents ordinary share, nominal value £0.001 per share.

Prior to this offering, there has been no public market for the ADSs or our ordinary shares. It is currently estimated that the initial public offering price per ADS will be between $ and $. We have applied to list the ADSs on the Nasdaq Global Market under the symbol "CNTA."

We are an "emerging growth company" as that term is used in the U.S. Jumpstart Our Business Startups Act of 2012 and, as such, have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings.

See "Risk Factors" on page 15 to read about factors you should consider before buying the ADSs.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per ADS	Total
Initial public offering price	$	$
Underwriting discounts(1)	$	$
Proceeds, before expenses, to Centessa Pharmaceuticals plc	$	$

(1) See the section titled "Underwriting" for compensation payable to the underwriters.

To the extent the underwriters sell more than ADSs, the underwriters have the option to purchase up to an additional ADSs from us at the initial public offering price less the underwriting discounts.

The underwriters expect to deliver the ADSs against payment in New York, New York on , 2021.

Morgan Stanley **Goldman Sachs & Co. LLC**

Jefferies **Evercore ISI**

Prospectus dated , 2021

LETTER FROM THE CEO

Over the last century, the traditional R&D model has made great strides in delivering transformational medicines to patients. In some instances, these drugs have fundamentally improved patient outcomes and have provided a new lease on life. In many other cases, patients are still waiting for those elusive life-altering medicines. With these patients in mind, we reimagined the R&D journey a drug takes to become a marketed medicine. We set out to find a clearer, less bumpy road to deliver impactful medicines to patients. That road, we learned, is called asset centricity.

At its core, asset centricity is a mindset rooted in a relentless focus on a single project by a dedicated team. The biotechnology industry has embraced this philosophy to successfully advance medicines for patients. We asked whether this philosophy could be replicated on a larger scale to build a pharmaceutical company from bottom-up in which asset centricity serves as its foundation. Our answer is Centessa Pharmaceuticals.

The DNA of Centessa is rooted in asset centricity, but the environment in which it flourishes includes enhanced scale, resources and management with deep technical expertise. Formed in October 2020, Centessa is a pharmaceutical company with a different phenotype conceived to accelerate the pace of impactful medicines reaching patients. Our journey started by combining a curated portfolio of 10 wholly-owned asset-centric companies that are developing 16 programs with compelling biology and led by entrepreneurs with deep subject matter expertise. In bringing asset centricity at scale to the world, we hope to deliver consequential medicines that patients are desperately in need of. Then, and only then, will our mission be achieved.

Saurabh Saha, M.D., Ph.D.
Chief Executive Officer

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We have not, and the underwriters have not, authorized any person to provide you with information different from that contained in this prospectus or any related free-writing prospectus that we authorize to be distributed to you. This prospectus is not an offer to sell, nor is it seeking an offer to buy, these securities in any jurisdiction where the offer or sale is not permitted. The information in this prospectus speaks only as of the date of this prospectus unless the information specifically indicates that another date applies, regardless of the time of delivery of this prospectus or of any sale of the securities offered hereby.

For investors outside of the United States: We have not, and the underwriters have not, 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 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 ADSs and the distribution of this prospectus outside of the United States.

ABOUT THIS PROSPECTUS

Prior to the completion of this offering, we intend to re-register Centessa Pharmaceuticals Limited as a public limited company and to change our name from Centessa Pharmaceuticals Limited to Centessa Pharmaceuticals plc.

Unless otherwise indicated or the context otherwise requires, all references in this prospectus to the terms "Centessa Pharmaceuticals Limited," "Centessa Pharmaceuticals plc," "the company," "we," "us" and "our" refer to (i) Centessa Pharmaceuticals Limited and its wholly-owned subsidiaries prior to the re-registration of Centessa Pharmaceuticals Limited as a public company, and (ii) Centessa Pharmaceuticals plc and its subsidiaries after the re-registration of Centessa Pharmaceuticals Limited as a public limited company, which shall occur prior to the completion of this offering. See "Share Capital Reorganization and Re-Registration" for more information.

We own various trademark registrations and applications, and unregistered trademarks, including our name and our corporate logo. All other trade names, trademarks and service marks of other companies appearing in this prospectus are the property of their respective holders. Solely for convenience, the trademarks and trade names in this prospectus may be referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend to use or display other companies' trademarks and trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

PRESENTATION OF FINANCIAL INFORMATION

We maintain the books and records of Centessa Pharmaceuticals Limited and its wholly owned subsidiaries in pounds sterling. For financial reporting, our results are translated to U.S. dollars and we prepare our consolidated financial statements in accordance with generally accepted accounting principles in the United States, or U.S. GAAP, as issued by the Financial Accounting Standards Board. All references in this prospectus to "$" are to U.S. dollars and all references to "£" are to pounds sterling.

We have made rounding adjustments to some of the figures included in this prospectus. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them. We have historically conducted our business through Centessa Pharmaceuticals Limited's subsidiaries and therefore our historical financial statements present the results of operations of Centessa Pharmaceuticals Limited. After the re-registration of Centessa Pharmaceuticals Limited as a public limited company named Centessa Pharmaceuticals plc and following the completion of this offering, our consolidated financial statements will present the consolidated results of operations of Centessa Pharmaceuticals plc.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our ADSs, you should carefully read this entire prospectus, including our financial statements and the related notes included elsewhere in this prospectus. You should also consider, among other things, the matters described in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Unless otherwise stated, all references to "us," "our," "Centessa," "we," the "Company" and similar designations refer to Centessa Pharmaceuticals plc and its consolidated subsidiaries.

Our Vision

We are reimagining the traditional pharmaceutical research and development model to build, from the bottom-up, an R&D engine predicated on asset centricity to discover, develop and ultimately deliver impactful medicines to patients. We believe the successful execution at scale of our asset-centric R&D model has the potential to result in R&D productivity surpassing that of today's largest pharmaceutical companies and could translate into a dramatic impact for patients, providers and society more broadly.

Our approach to delivering consequential medicines to patients is guided by three foundational principles:

1. We pursue discovery and development of **programs with clear biological rationale.**
2. We aim to build a **self-sustaining, evergreen R&D engine** anchored on asset centricity.
3. We strive to be the **partner of choice** for founder-subject matter experts who share our vision.

Overview

Centessa Pharmaceuticals plc (Centessa) was conceived by combining the primary strengths of the asset-centric model with the benefits of diversification and scale typically attributed to traditional large R&D organizations. The asset-centric model refers to single-purpose companies which are focused on developing a single program or programs associated with a single biological pathway. We were inspired by the success realized by the asset-centric model and were founded on the principle of developing asset centricity at scale. We have implemented this reimagined approach to R&D by initially combining a curated portfolio of ten wholly-owned asset-centric companies, which we refer to as the Centessa Subsidiaries, which are developing 16 high conviction programs with clear biological rationale. Each Centessa Subsidiary is led by one or more individuals whom we believe to be some of the leading subject matter experts in their respective disciplines. We empower our subsidiaries to advance their research and development plans in an independent and unbiased manner. Our programs cover a range of high-value therapeutic areas including oncology, hematology, immunology / inflammation, neuroscience, hepatology, pulmonology, nephrology, and range from discovery-stage research through late-stage clinical development. Additionally, a substantial number of our programs focus on rare disease indications with significant unmet need. We currently anticipate a total of more than a dozen clinical read-outs over the next three years, including three clinical read-outs in 2021. We expect this robust cadence of clinical progress will be coupled with significant development advancements for our earlier-stage preclinical programs. As a therapeutic-focused company, we intend to pursue a "develop to commercialize" approach for our programs with a relentless focus on efficiently delivering consequential medicines to patients.

Centessa was formed in October 2020 by Medicxi with a view to ultimately acquiring, and thereby becoming the holding company of, several pre-revenue, development stage biotech companies each of which was either controlled by and/or invested in by a fund affiliated with Medicxi or Index Ventures. On January 29, 2021, Centessa acquired 11 biotechnology companies and simultaneously closed a Series A funding round of

$250 million. Prior to the acquisition, Centessa's activities were limited mainly to engaging advisors and recruitment efforts. Centessa commenced active operations after the consummation of the acquisitions. Each of the Centessa Subsidiaries was a portfolio company of a fund affiliated with Medicxi or Index Ventures at the time of the acquisition.

We are led by our experienced management team who play a critical role in enabling our Centessa Subsidiaries by providing centralized resources, supporting development of programs, and overseeing judicious capital allocation. We are convinced that bringing together our 16 high conviction programs under a unified, asset-centric structure at scale is in itself a competitive advantage in the industry. Going forward, our intent is to become the partner of choice for founder-subject matter experts with high conviction programs by fostering a research engine that allows our leading talent to focus exclusively on the pursuit of their unique product visions, striving for scientific excellence and patient benefit. Consistent with our operating model today, these founder-subject matter experts will be directly incentivized and appropriately supported to develop and bring medicines to market. Direct incentivization is achieved through two principle financial incentives: first, through each founder-subject matter expert having a significant equity stake in Centessa and, thereby, compensated commensurately with the Company's performance; second, they disproportionately share in upside through certain agreed milestones payment of a pre-agreed amount payable upon defined events such as regulatory approval of an applicable drug or the payment of a pre-agreed percentage of the net aggregate cash proceeds from certain strategic transactions (including partnerships / out-licensing agreements and/or a sale) concerning the relevant Centessa Subsidiary. These incentives are designed to motivate our founder-subject matter experts to develop and bring medicines to patients.

Separately, our relentless focus on data-driven decision-making is aimed at enabling us to embrace and implement a "fail fast, and fail early" philosophy to close programs expeditiously when data dictates. Data-driven decision making is at the core of our asset-centric model. Centessa management retains final authority over resource allocation decisions across the Centessa Subsidiaries' programs, and aims to expeditiously terminate programs when the data do not support advancing a program. These features of our asset-centric model are designed to reflect our "fail fast and fail early" philosophy when data warrants. We believe our direct incentivization model and relentless focus on data-driven decision-making is a differentiated approach and philosophy to that deployed by traditional R&D models.

Our bottom-up, asset-centric operating model fosters an ecosystem in which we enable the founder-subject matter experts at each Centessa Subsidiary to develop their programs with a high degree of autonomy and with complementary operational and R&D support from Centessa. This is designed to enable each Centessa Subsidiary to execute its program or programs with greater agility and enhanced probability of success. Each Centessa Subsidiary focuses its resources and expertise on progressing high conviction programs that follow well elucidated biological pathways, with the goal of addressing a significant unmet patient need. While we focus on biological pathways where there is prior learning in human genetics and/or clinical evidence of activity to enhance odds of program success, many of our highly-differentiated programs are enabled by proprietary structural biology insights.

Our ten initial Centessa Subsidiaries and their disease areas of focus as well as our expectation for expansion in the number of Centessa Subsidiaries are summarized in the below figure:

Traditional R&D organizations realize the benefit of having a diversified pipeline with multiple uncorrelated programs while reaching a scale that allows for an optimized and flexible balance sheet and access to infrastructure and resources. Similarly, by initially combining a curated portfolio of asset-centric companies under a central management team, we expect to receive the benefits of a diversified pipeline of high conviction programs and mitigate the binary risk inherent in single-asset companies. We believe that our incentivization framework enables our Centessa Subsidiary teams to maintain an undiluted singular product focus, and to pursue paths forward that are determined primarily by the data that they generate. Subsidiary teams are designed to be small, with limited fixed costs to further enhance the economics of drug development, particularly in cases where expeditious closure of programs is warranted.

In addition to the broad range of disease areas we pursue, our portfolio is diversified in several other ways, including:

- *Therapeutic approaches*: small molecule inhibitors, agonists, correctors, degraders, traditional and engineered antibodies and biologics based on engineered molecules;
- *Development approaches*: novel targets, differentiated fast-follower based on improved safety, and/or refined mechanism; and
- *Discovery approaches*: structure-based design, protein engineering and novel screening methods.

Our multiple modes of diversification across our portfolio substantially mitigate the binary nature of product development.

The Centessa Subsidiaries were selected by Medicxi out of the portfolio of biotechnology investments by funds affiliated with Medicxi or Index Ventures. The key criteria deployed to identify companies that would be considered for Centessa include: advancement of a single program with clear biological rationale, a differentiated product profile, and a team with deep expertise led by a founder-subject matter expert. Each of the Centessa Subsidiaries was controlled by funds affiliated with Medicxi or Index Ventures or funds affiliated with Medicxi or Index Ventures had a significant investment and/or influence. Whilst such funds affiliated with Medicxi and Index Ventures were a controlling or key investor to each Centessa Subsidiary with material influence, the decision as to whether to be acquired by Centessa was ultimately a decision of the executive management team

of each Centessa Subsidiary including the founder subject-matter experts. An extensive negotiation exercise was undertaken with the executive management teams of each Centessa Subsidiary and each Centessa Subsidiary was represented by external counsel. These negotiations were conducted at arms' length with each Centessa subsidiary having been acquired on highly negotiated contribution terms (including as to valuation) and on highly negotiated individual incentivization terms which become payable if negotiated milestones are achieved or certain exit events are triggered. Further, the incoming Series A Centessa investors had a significant opportunity to diligence each Centessa Subsidiary and test the relative valuation and terms negotiated with the individual Centessa Subsidiaries.

Our Pipeline

Our current portfolio consists of 16 high conviction programs, including four programs currently being evaluated in clinical trials and 12 additional preclinical programs. We aim to pursue programs that target pathways with clear biological rationale. Given that biological pathways have varying influence on disease pathophysiology, we believe it is paramount to identify the most critical pathways that contribute to disease onset and severity to aid in development of appropriate therapeutics. Human genetics offers a glimpse into specific genes, and downstream proteins that are associated with disease. By targeting such disease associated genes or proteins, we seek to increase the probability of impacting disease outcome. Further, we place a premium on learnings from the clinic whereby a drug has established the relevance of a biological pathway contributing to disease outcome. Our portfolio largely consists of programs where there is prior learning in human genetics or precedented human activity for a pathway of interest. Our strategy is to assemble a pipeline of product candidates bearing these attributes, which we believe may translate into program success.

Our current pipeline includes the following four clinical stage product candidates:

- **Lixivaptan (Palladio Biosciences)**: vasopressin V2 receptor small molecule inhibitor currently in Phase 3 clinical development for the treatment of autosomal dominant polycystic kidney disease (ADPKD). While the ongoing Phase 3 study is not a registrational trial, Palladio is preparing to conduct a global Phase 3 pivotal trial of lixivaptan in ADPKD patients, (designated the ACTION study) which we expect to commence by early-to-mid 2022. We believe lixivaptan has the potential to

deliver similar efficacy benefits to tolvaptan, which is currently indicated for a subset of ADPKD patients, with a differentiated safety and tolerability profile that may enable access and therapeutic benefit to a broader set of patients;

- **SerpinPC (ApcinteX)**: activated protein C inhibitor currently in Phase 2a clinical development for the treatment of hemophilia A and B. We believe SerpinPC has the potential to improve upon the current standards of care by offering a long-acting, subcutaneous, non-replacement therapy that rebalances the coagulation cascade to provide both prophylactic and on-demand therapy in all patients with hemophilia regardless of subtype;
- **Imgatuzumab (Pega-One)**: anti-EGFR monoclonal antibody expected to enter a potential registrational Phase 2 clinical trial for the treatment of cutaneous squamous cell carcinoma (CSCC). Imgatuzumab is also being considered for treatment of other solid tumors in the context of combination treatment with immunotherapy. We believe imgatuzumab represents a next-generation of antibody design offering enhanced antibody derived cell cytotoxicity (ADCC) and antibody derived cell phagocytosis (ADCP) properties; and
- **ZF874 (Z Factor)**: small molecule chemical chaperone folding corrector of the Z variant of alpha-1-antitrypsin (Z-A1AT) currently in Phase 1 clinical development for the treatment of alpha-1-antitrypsin deficiency (A1ATD). ZF874 leverages Z Factor's proprietary insights into the misfolding of the Z-A1AT protein to correct protein folding and normalize protein levels to treat both lung and liver disease manifestations of A1ATD.

In addition to our clinical stage product candidates, our current portfolio consists of 12 preclinical assets:

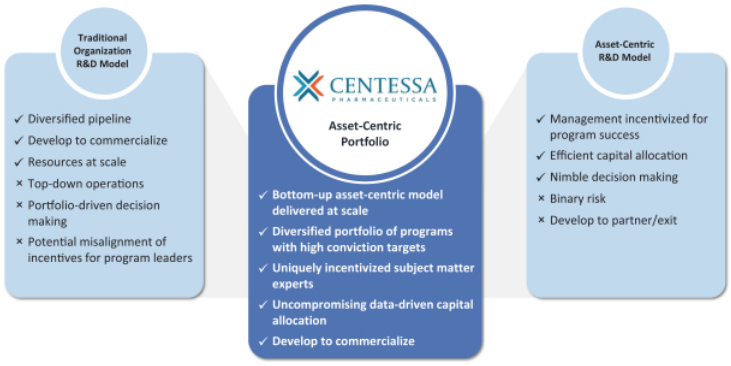
- **ZF887 (Z Factor)**: small molecule chemical chaperone folding corrector of Z-A1AT for the treatment of alpha-1-antitrypsin deficiency;
- **MGX292 (Morphogen-IX)**: protein-engineered variant of human bone morphogenetic protein 9 (BMP 9) for the treatment of pulmonary arterial hypertension;
- **CBS001 (Capella Bioscience)**: high-affinity monoclonal antibody (mAb) selectively targeting the inflammatory membrane form of LIGHT for the treatment of idiopathic pulmonary fibrosis;
- **CBS004 (Capella Bioscience)**: humanized mAb targeting BDCA-2 for the treatment of systemic sclerosis and lupus;
- **LB1 (LockBody)**: bispecific antibody designed to be gradually unlocked in the tumor microenvironment targeting CD47 for the treatment of solid tumors;
- **LB2 (LockBody)**: bispecific antibody designed to be gradually unlocked in the tumor microenvironment targeting CD3 for the treatment of solid tumors;
- **Oral OX2R Agonist (Orexia)**: orally delivered selective orexin-receptor 2 (OX2R) agonist for the treatment of narcolepsy type 1 with potential expansion into narcolepsy type 2, rare hypersomnias and additional rare and common diseases;
- **Intranasal OX2R Agonist (Orexia)**: intranasally delivered OX2R agonist for the treatment of narcolepsy type 1 with potential expansion into narcolepsy type 2, rare hypersomnias and additional rare and common diseases;
- **Dual STAT3/5 Degrader (Janpix)**: small molecule STAT3/5 protein degrader for the treatment of hematological malignancies, including leukemias and lymphomas;
- **EGFR Ex20 Inhibitor (PearlRiver Bio)**: small molecule epidermal growth factor receptor (EGFR) Exon20 insertion mutation inhibitor for the treatment of non-small cell lung cancer;
- **EGFR-C797S Inhibitor (PearlRiver Bio)**: small molecule EGFR C797S mutation inhibitor for the treatment of non-small cell lung cancer; and

- **Next Generation EGFR Inhibitors (PearlRiver Bio)**: ERBBinator proprietary platform technology to support design of next generation EGFR Tyrosine Kinase Inhibitors (TKIs).

Across our Centessa Subsidiaries, we currently have a portfolio of 173 issued patents which includes 156 ex-U.S. patents and 17 issued U.S. patents directed to either our clinical stage product candidates or other programs being developed.

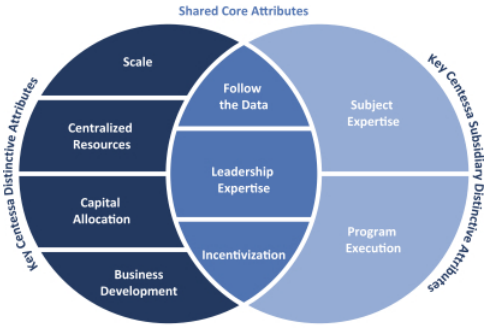
Our Operating Model

We have implemented a reimagined R&D model that we believe leverages the key strengths of the traditional R&D organization and the core tenets of asset centricity. We believe that our approach will allow us to benefit from the characteristics of each model that are favorable for efficient drug development, while simultaneously removing the inefficiencies and potential challenges related to each. In particular, the convergence of scale, capital efficiency, and asset centricity enables our program teams to pursue development plans with the goal to commercialize while we maintain flexibility to pursue strategic partnerships that leverage third-party expertise and synergies when warranted.



Our Approach

We have implemented a bottom-up, asset-centric operating model where the main premise is to build a non-hierarchical ecosystem in which we enable the founder-subject matter experts at each Centessa Subsidiary to develop their programs.



Our Strategy

We have embarked on a journey to build a sustainable, evergreen pharmaceutical company with a reimagined asset-centric approach that we believe has the potential to fundamentally reshape the traditional research and development model. Our strategy is guided by four key tenets and grounded in a singular focus on advancing exceptional science to the ultimate benefit of patients:

- An unwavering focus on asset centricity;
- Efficiently advancing our initial pipeline of high conviction programs to treat important unmet medical needs;
- Attracting the next generation of founder-subject matter experts with high conviction programs; and
- Incentivizing and enabling our Centessa Subsidiary leadership teams who have deep expertise in their respective disciplines.

Our History

Our company is built upon our demand for excellence amongst our various participants and stakeholders. We believe this high bar for excellence is initially demonstrated by our ten current Centessa Subsidiaries. Each of our Centessa Subsidiaries and their founder-subject matter experts have invested years dedicated to their program specialty. We intend to uphold this focus on excellence for future companies which may join our model as Centessa Subsidiaries. We complement the program expertise of our founder-subject matter experts with the broad experience of our centralized management team. Prior to establishing Centessa, our executive management team held positions in a wide range of settings, including some of the largest pharmaceutical companies in the world, leading biotechnology companies and world-class venture capital funds.

We are supported by a high-quality group of investors who share our passion for excellence and believe in the vision for our reimagined R&D model. These investors include our founding investor, Medicxi, alongside General Atlantic, Vida Ventures, Janus Henderson Investors, Boxer Capital, Cormorant Asset Management, T. Rowe Price Associates, Inc., Venrock Healthcare Capital Partners, Wellington Management Company, BVF Partners L.P., EcoR1 Capital, Franklin Templeton, Logos Capital, Samsara BioCapital, LifeSci Venture Partners and a U.S.-based, healthcare-focused fund.

Corporate Information

Centessa was incorporated pursuant to the laws of England and Wales as United Medicines Biopharma Limited on October 26, 2020 and renamed Centessa Pharmaceuticals Limited on February 17, 2021. Centessa is registered with the Registrar of Companies in England and Wales under number 12973576, and our registered office is at The Dorothy Hodgkin Building, Babraham Research Campus, Babraham, Cambridge, United Kingdom, CB22 3FH. Our website address is http://www.centessa.com. The information contained on, or that can be accessed through, our website is not a part of this prospectus. We have included our website address in this prospectus solely as an inactive textual reference.

Palladio Biosciences was incorporated in 2015 under the laws of Delaware with primary operations in Horsham, Pennsylvania. ApcinteX was incorporated in 2014 under the laws of England and Wales with primary operations in the United Kingdom. Z Factor was incorporated in 2014 under the laws of England and Wales with primary operations in the United Kingdom. Morphogen-IX was incorporated in 2015 under the laws of England and Wales with primary operations in the United Kingdom. Capella Bioscience was incorporated in 2014 under the laws of England and Wales with primary operations in the United Kingdom. LockBody was incorporated in 2017 under the laws of England and Wales with primary operations in the United Kingdom. Orexia was incorporated in 2018 under the laws of England and Wales with primary operations in the United Kingdom. Pega-One was incorporated in 2019 under the laws of France with primary operations out of Princeton, New Jersey. Janpix was incorporated in 2013 under the law of England and Wales with primary operations in Canada. PearlRiver Bio was incorporated in 2019 under the laws of Germany with primary operations out of Germany.

Share Capital Reorganization and Re-Registration

Since our incorporation, we have performed a series of reorganization transactions. Prior to the consummation of this offering, Centessa Pharmaceuticals Limited will be re-registered as a public limited company and will change its name from Centessa Pharmaceuticals Limited to Centessa Pharmaceuticals plc. Please see the “Share Capital Reorganization and Re-Registration” section for more information.

Risks Affecting Our Business

Our business is subject to a number of risks of which you should be aware before making an investment decision. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific factors set forth in the section titled “Risk Factors” before deciding whether to invest in our ADSs. Among these important risks are, but not limited to, the following:

- We may not be successful in our efforts to use our differentiated asset-centric business model to build a pipeline of product candidates with commercial value.
- A single or limited number of subsidiaries may comprise a large proportion of our value.
- We face challenges, risks and expenses related to the Reorganization (as defined below) in integrating the operations of our asset-centric subsidiaries, as well as the management of the expected growth in the scale and complexity of our operations following this offering.
- We, and our subsidiaries prior to the Reorganization, incurred net losses since inception, and we expect to continue to incur losses for the foreseeable future and may never achieve or maintain profitability.
- Even if this offering is successful, we will need substantial additional funds to advance development of our product candidates, and we cannot guarantee that we will have sufficient funds available in the future to develop and commercialize our current or future product candidates.

- Our product candidates are in various stages of development, including many in preclinical stages, and may fail in development or suffer delays that materially adversely affect their commercial viability.
- We may not be successful in our efforts to identify, discover, in-license or otherwise acquire additional product candidates and may fail to capitalize on programs or product candidates that may represent a greater commercial opportunity or for which there is a greater likelihood of success.
- Success in preclinical studies or early clinical trials may not be indicative of results obtained in later trials.
- We may encounter substantial delays or challenges in the initiation, conduct or completion of our clinical trials, and the results of clinical development are uncertain.
- Even if we complete the necessary preclinical studies and clinical trials, the marketing approval process is expensive, time-consuming and uncertain and may prevent us from obtaining approvals for the commercialization of our product candidates.
- We may be unable to obtain U.S. or foreign regulatory approval and, as a result, unable to commercialize our product candidates.
- We rely, and expect to continue to rely, on third parties to conduct our preclinical studies and clinical trials and if these third parties perform in an unsatisfactory manner, our business could be substantially harmed.
- We could experience manufacturing problems that result in delays in our development or commercialization of our programs or otherwise harm our business.
- If we are unable to obtain and maintain sufficient patent and other intellectual property protection for our product candidates and technology, we may not be able to compete effectively in our market.
- The patent protection we obtain for our product candidates and technology may be challenged or not sufficient enough to provide us with any competitive advantage.
- A number of our programs and associated product candidates are heavily dependent on licensed intellectual property. If we were to lose our rights to licensed intellectual property, we may not be able to continue developing or commercializing our product candidates, if approved. If we breach any of the agreements under which we license the use, development and commercialization rights to our product candidates or technology from third parties or, in certain cases, we fail to meet certain development deadlines, we could lose license rights that are important to our business.
- We have never commercialized a product candidate and we may lack the necessary expertise, personnel and resources to successfully commercialize any of our products that receive regulatory approval on our own or together with collaborators.
- Our international operations may expose us to business, regulatory, political, operational, financial, pricing and reimbursement risks associated with doing business outside of the United States.
- We are an emerging growth company and a smaller reporting company, and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies and smaller reporting companies will make our ADSs less attractive to investors.
- We have material weaknesses in our internal control systems over financial reporting and will need to hire additional personnel and design and implement proper and effective internal controls

over financial reporting, or the accuracy and timeliness of our financial reporting will be adversely affected.

- If we fail to develop or maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.
- Holders of ADSs may be subject to limitations on the transfer of their ADSs and the withdrawal of the underlying ordinary shares.
- There is substantial uncertainty as to whether we are or will be a "passive foreign investment company" (a PFIC). If we are a PFIC, there could be material adverse U.S. federal income tax consequences to U.S. holders.

Implications of Being an Emerging Growth Company

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act (JOBS Act) enacted in April 2012. For so long as we remain an emerging growth company, we are permitted and intend to rely on certain exemptions from various public company reporting requirements, including not being required to have our internal control over financial reporting audited by our independent registered public accounting firm pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and any golden parachute payments not previously approved. In particular, in this prospectus, we have provided only two years of audited financial statements and have not included all of the executive compensation related information that would be required if we were not an emerging growth company. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of Centessa Pharmaceuticals Limited — JOBS Act Transition Period."

We will remain an emerging growth company until the earlier to occur of (1) the last day of the fiscal year that is five years following this offering, (2) the last day of the fiscal year in which we have total annual gross revenues of at least $1.07 billion, (3) the last day of the fiscal year in which we are deemed to be a "large accelerated filer," under the rules of the U.S. Securities and Exchange Commission, or SEC, which means the market value of our equity securities that is held by non-affiliates exceeds $700 million as of the prior June 30th, and (4) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of delayed adoption of new or revised accounting standards and, therefore, we will be subject to the same requirements to adopt new or revised accounting standards as other public companies that are not emerging growth companies.

Even after we no longer qualify as an emerging growth company, we may still qualify as a "smaller reporting company" if the market value of our ordinary shares held by non-affiliates is below $250 million (or $700 million if our annual revenue is less than $100 million) as of June 30 in any given year, which would allow us to take advantage of many of the same exemptions from disclosure requirements, including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements.

The Offering

ADSs offered by us	ADSs, each ADS representing ordinary share.
Ordinary shares outstanding immediately after this offering	ordinary shares (or ordinary shares if the underwriters' option to purchase additional ADSs is exercised in full).
ADSs outstanding immediately after this offering	ADSs (or ADSs if the underwriters' option to purchase additional ADSs is exercised in full).
Underwriters' option to purchase additional ADSs	We have granted a 30-day option to the underwriters to purchase up to an aggregate of additional ADSs.
American Depositary Shares	Each ADS represents ordinary share with a nominal value of £0.001 per ordinary share. You will have the rights of an ADS holder as provided in the deposit agreement among us, the depositary and all holders and beneficial owners of ADSs issued thereunder. To better understand the terms of the ADSs, you should carefully read the section in this prospectus titled "Description of American Depositary Shares." We also encourage you to read the deposit agreement, which is filed as an exhibit to the registration statement that includes this prospectus.
Depositary	Citibank, N.A.
Use of proceeds	We currently expect to use the net proceeds from this offering, together with our existing cash to fund the continued development and pre-commercialization costs of our clinical-stage product candidates, to fund continued development of the other programs in our pipeline, including designing and conducting preclinical studies and clinical trials, as well as funding discovery, manufacturing, research and development; and the remainder for working capital and other general corporate purposes, as well as to fund the acquisition of, and drug development activities related to, new programs; although we have no material agreements, commitments or understandings with respect to any in-license or acquisition, we have and plan to continue to evaluate such opportunities and engage in related discussions with other business entities from time to time.

Risk factors	You should carefully read "Risk Factors" and the other information in this prospectus for a discussion of factors that you should consider before deciding to invest in the ADSs.
Proposed Nasdaq Global Market trading symbol	"CNTA"

The number of shares to be outstanding after this offering is based on 96,089,362 ordinary shares outstanding as of March 31, 2021 and gives further effect to (i) the automatic conversion of all outstanding convertible preferred shares, into an aggregate of 45,681,819 ordinary shares upon the completion of this offering, and excludes:

- 15,153,640 ordinary shares issuable upon the exercise of options to subscribe for ordinary shares outstanding as of March 31, 2021 at a weighted average exercise price of $2.86 per ordinary share;
- 386,643 unvested B ordinary shares;
- ordinary shares that will be made available for future issuance under our 2021 Share Option Plan upon the effectiveness of the registration statement of which this prospectus forms a part; and
- ordinary shares that will be made available for future issuance under our 2021 Employee Share Purchase Plan, upon the effectiveness of the registration statement of which this prospectus forms a part.

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

- the automatic conversion of all outstanding convertible preferred shares into an aggregate of 45,681,819 ordinary shares upon the completion of this offering;
- the effectiveness of the share capital reorganization effective on , which is intended to have the effect of a for reverse share split of our ordinary share capital and corresponding adjustment in the conversion rate of our preferred shares into ordinary shares. See "Share Capital Reorganization and Re-Registration;"
- the effectiveness of our articles of association upon the closing of this offering;
- no issuance or exercise of share options after March 31, 2021; and
- no exercise by the underwriters of their option to purchase up to an additional ADSs in this offering.

Summary Financial Data

The following tables set forth a summary of historical financial data as of, and for, the periods ended on the dates indicated. The summary statements of operations data presented below for the years ended December 31, 2019 and 2020 and the summary balance sheet data as of December 31, 2019 and 2020 for Centessa Predecessor Group (Predecessor) are derived from the combined financial statements of Centessa Predecessor Group included elsewhere in this prospectus. The summary statement of operations data presented below for the period from October 26, 2020 (inception) through December 31, 2020, and the summary balance sheet data as of December 31, 2020 for Centessa Pharmaceuticals Limited are derived from the financial statements of Centessa Pharmaceuticals Limited and from the unaudited pro forma condensed combined financial information included elsewhere in this prospectus. The summary statements of operations data presented below for the three months ended March 31, 2020 and for the period from January 1, 2021 through January 29, 2021 for Centessa Predecessor Group (Predecessor) are derived from the unaudited interim combined financial statements of Centessa Predecessor Group included elsewhere in this prospectus. The summary statements of operations data presented below for the period from January 1, 2021 through January 29, 2021 and the summary balance sheet data as of January 29, 2021 for Centessa Pharmaceuticals Limited are derived from the unaudited interim consolidated financial statements of Centessa Pharmaceuticals Limited included elsewhere in this prospectus. The summary statements of operations data presented below for the period from January 30, 2021 through March 31, 2021 and the summary balance sheet data as of March 31, 2021 for Centessa Pharmaceuticals Limited (Successor) are derived from the unaudited interim consolidated financial statements of Centessa Pharmaceuticals Limited (Successor) included elsewhere in this prospectus. In our opinion, the unaudited interim combined and consolidated financial statements have been prepared on a basis consistent with the audited combined and consolidated financial statements and contains all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of such interim financial statements. The historical results are not necessarily indicative of the results that may be expected in the future and operating results for the period from January 30, 2021 through March 31, 2021 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2021 or any other interim periods or any future year or period.

You should read this data together with our unaudited pro forma condensed combined financial statements and related notes and our audited financial statements and related notes appearing elsewhere in this prospectus and the information under the sections titled "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations of Centessa Pharmaceuticals Limited" and "Management's Discussion and Analysis of Financial Condition and Results of Operations of Predecessor and Certain Other Acquired Entities." Our historical results are not necessarily indicative of our future results.

Prior to the completion of this offering, we intend to reorganize our share capital and to re-register as a public limited company and change our name from Centessa Pharmaceuticals Limited to Centessa Pharmaceuticals plc. See "Share Capital Reorganization and Re-Registration."

(in thousands, except share and per share data)	Centessa Predecessor Group (Predecessor)				Centessa Pharmaceuticals Limited (Successor)				
	Year Ended December 31,		For the Three Months Ended March 31,	For the Period from January 1, 2021 through January 29,	For the Period from October 26, 2020 (inception) through December 31,	Year Ended December 31, 2020	For the Period from January 1, 2021 through January 29,	For the Period from January 30, 2021 through March 31,	For the Period from January 30, 2021 through March 31, 2021
Combined and consolidated statement of operations data:	**2019**	**2020**	**2020**	**2021**	**2020**	**Pro Forma**	**2021**	**2021**	**Pro Forma**
			(unaudited)			(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating expenses:									
Research and development	$ 4,263	$ 9,301	$ 2,809	$ 600	$ —	$ 41,138	$ —	$ 10,142	$ 13,302
General and administrative	790	1,139	383	121	3,139	7,587	187	8,092	9,252
Acquired in-process research and development	—	—	—	—	—	3,164	—	220,454	—
Loss from operations	(5,053)	(10,440)	(3,192)	(721)	(3,139)	(51,889)	(187)	(238,688)	(22,554)
Interest income (expense), net	5	(68)	(16)	(9)	(2)	—	—	(3)	—
Change in fair value of derivative liability	—	(186)	—	—	—	—	(415)	—	—
Amortization of debt discount	(118)	(310)	(70)	(37)	(8)	—	(825)	—	—
Gain on extinguishment of debt	105	341	267	—	—	341	—	—	—
Foreign currency loss	—	—	—	—	—	(36)	(6)	—	(6)
Net loss	$(5,061)	$(10,663)	$ (3,011)	$ (767)	$ (3,149)	$ (51,584)	$ (1,433)	$ (238,691)	$ (22,560)
Net loss per ordinary share—basic and diluted					$ (0.40)	$ (0.54)	$ (0.10)	$ (2.49)	$ (0.23)
Weighted average ordinary shares outstanding—basic and diluted					7,836,299	96,067,339	15,000,000	96,022,496	96,222,263
Pro Forma net loss per ordinary share—basic and diluted(1)								$ (1.68)	
Pro Forma weight average ordinary shares outstanding—basic and diluted(1)								141,709,315	

(1) Unaudited pro forma basic and diluted net income per ordinary share have been prepared to give effect to the automatic conversion of all outstanding convertible preferred shares as if they had been converted at the later of the beginning of the reporting period or the issuance date of the convertible preferred shares.

(in thousands) Combined and consolidated condensed balance sheet data:	Centessa Predecessor Group (Predecessor) As of December 31, 2019	Centessa Predecessor Group (Predecessor) As of December 31, 2020	Centessa Pharmaceuticals Limited (Successor) As of December 31, 2020	Centessa Pharmaceuticals Limited (Successor) As of January 29, 2021 (unaudited)	Centessa Pharmaceuticals Limited (Successor) As of March 31, 2021 Actual (unaudited)	Centessa Pharmaceuticals Limited (Successor) As of March 31, 2021 Pro Forma(1) (unaudited)	Centessa Pharmaceuticals Limited (Successor) As of March 31, 2021 Pro Forma As Adjusted(2) (unaudited)
Cash and cash equivalents	$ 16,570	$ 7,227	$ 5,003	$ 4,965	$298,612	$298,612	
Working capital(3)	17,295	2,546	(3,462)	(7,960)	294,659	294,659	
Total assets	19,730	11,717	5,262	8,558	320,520	320,520	
Convertible term notes	3,615	5,339	4,171	5,001	—	—	
Derivative liability	519	913	833	1,248	—	—	
Term loans	544	288	—	—	—	—	
Convertible preferred shares	25,521	25,521	—	—	—	—	
Total combined deficit and shareholders' (deficit) equity	(11,857)	(22,243)	(3,214)	(4,651)	278,634	278,634	

(1) Pro forma amounts give effect to the automatic conversion of all outstanding convertible preferred shares, into an aggregate of 45,681,819 ordinary shares upon the completion of this offering.

(2) Pro forma as adjusted amounts reflect pro forma adjustments described in footnote (1) as well as the sale of ADS in this offering at the assumed initial offering price of $ per ADS, which is the midpoint of the 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.

(3) We define working capital as current assets less current liabilities. See our financial statements and related notes appearing at the end of this prospectus for further details regarding our current assets and current liabilities.

RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with the other information in this prospectus, including our consolidated financial statements and the related notes appearing at the end of this prospectus and in the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of Centessa Pharmaceuticals Limited," and "Management's Discussion and Analysis of Financial Condition and Results of Operations of The Centessa Predecessor Group and Certain Other Acquired Entities," before deciding whether to invest in our securities. The occurrence of one or more of the events or circumstances described in these risk factors, alone or in combination with other events or circumstances, may have a material adverse effect on the our business, reputation, revenue, financial condition, results of operations and future prospects, in which event the market price of our ADSs could decline, and you could lose part or all of your investment. Unless otherwise indicated, reference in this section and elsewhere in this prospectus to our business being adversely affected, negatively impacted or harmed will include an adverse effect on, or a negative impact or harm to, the business, reputation, financial condition, results of operations, revenue and our future prospects. The material and other risks and uncertainties summarized above and described below are not intended to be exhaustive and are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. This prospectus also contains forward-looking statements 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 factors, including the risks described below. See the section titled "Special Note Regarding Forward-Looking Statements."

Risks Related to our Business Model and Structure

We may not be successful in our efforts to use our asset-centric business model to build a pipeline of product candidates with commercial value.

A key element of Centessa's strategy is to use our differentiated asset-centric business model to build, from the bottom-up, a research and development engine to source and develop high conviction programs, product candidates, technologies or intellectual property that we believe are novel, employ differentiated mechanisms of action, are more advanced in development than competitors, or have a combination of these attributes to ultimately deliver impactful medicines to patients. We face significant competition in sourcing such high conviction programs, product candidates, technologies or intellectual property, partnering with founder-subject matter experts with high conviction assets that follow well elucidated biological pathways, seeking appropriate strategic partners (including founder-subject matter experts) and licensing and acquisition opportunities, and the negotiation process is time-consuming and complex. We may not be successful in our efforts in building a pipeline of high conviction product candidates for the treatment of various diseases and disorders through acquisitions, licensing or through internal development or in progressing these product candidates through clinical development. Although we have initially combined a portfolio of ten asset centric companies, each a Centessa Subsidiary, that are developing high conviction programs with clear biological rationale and, through our Centessa Subsidiaries, our research and development efforts to date have resulted in our identification, discovery and preclinical and clinical development of certain of our product candidates, these product candidates may not be safe or effective treatments or therapies in humans, and we may not be able to develop any other product candidates. Although we analyze whether we can replicate scientific results observed prior to our acquisition or investment in a product candidate, we may not be successful in doing so after our investment. Our asset-centric business model is evolving and may not succeed in building a pipeline of product candidates. Even if we are successful in building our pipeline of product candidates, the potential product candidates that we identify may not be suitable for clinical development or generate acceptable clinical data in humans, including as a result of unacceptable toxicity or other characteristics that indicate that they are unlikely to receive marketing approval from the U.S. Food and Drug Administration (FDA), or other regulatory authorities or achieve market acceptance. If we do not successfully develop and commercialize product candidates, we will not be able to generate product revenue in the future, which likely would result in significant harm to our financial position and adversely affect the price of our ADSs.

As part of our business strategy, we may expand our product candidate pipeline through in-licenses or acquisitions of discovery or development-stage assets or programs, which entails additional risk to us. While we believe our asset-centric model offers an attractive platform for these transactions and for founder subject matter experts and potential partners, our model is unique and we may not be able to attract or execute transactions with founder-subject matter experts, sellers, licensors or collaborators who may choose to divest to or grant license to companies that employ more traditional licensing and collaboration approaches. Identifying, selecting, and acquiring promising product candidates requires substantial technical, financial and human resources expertise. Efforts to do so may not result in the actual acquisition or license of a successful product candidate, potentially resulting in a diversion of our management's time and the expenditure of our resources with no resulting benefit. For example, if we are unable to identify programs that ultimately result in approved products, we may spend material amounts of our capital and other resources evaluating, acquiring, and developing product candidates that ultimately do not provide a return on our investment. We may terminate programs in the future if they do not meet our criteria for advancement.

A single or limited number of subsidiaries may comprise a large proportion of our value.

A large proportion of our value may at any time reside in a limited number of our subsidiaries. Our consolidated financial condition and prospects may be materially diminished if the clinical development or potential commercialization prospects of a Centessa Subsidiary's product candidate or program or one or more of the intellectual property rights held by a specific Centessa Subsidiary becomes impaired. Furthermore, a large proportion of our consolidated revenue may at any time be derived from one, or a small number of, licensed technologies, and termination or expiration of licenses to these technologies would likely have a material adverse effect on our consolidated revenue. Any material adverse impact on the value of a particular Centessa Subsidiary, including its intellectual property rights or the clinical development of its product candidate or program, could have a material adverse effect on our consolidated business, financial condition, results of operations or prospects.

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

Because we have limited financial and managerial resources, we must focus on a limited number of research programs and product candidates and on specific indications. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential, or we may fail to recognize or acquire assets that may be more promising than those we acquire. 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 identification, discovery, and preclinical development programs and product candidates for specific indications may not yield any commercially viable products.

We face challenges, risks and expenses related to the Reorganization in integrating the operations of our asset-centric Centessa Subsidiaries, as well as the management of the expected growth in the scale and complexity of our operations following this offering.

In connection with the Reorganization, we acquired the ownership interests of our operating Centessa Subsidiaries where our current development programs reside. These Centessa Subsidiaries have historically operated as independent entities with generally separate management and operational teams. As a result, we will need to expend significant resources and efforts in integrating the operations of these Centessa Subsidiaries into our larger organization, and such integration activities may be challenging due to the number of Centessa Subsidiaries acquired and the heterogeneity of their historical operations. For example, these Centessa Subsidiaries' programs span a range of therapeutic modalities and are designed to address a variety of disease areas. In addition, the Centessa Subsidiaries acquired in the Reorganization have conducted their business in a variety of jurisdictions in the U.S. and Europe. All of our Centessa Subsidiaries have had historical relationships with different licensors, contract organizations and other third-party vendors.

Each Centessa Subsidiary has historically had its own operational, legal, financial and management controls, reporting systems and procedures and integrating such controls, reporting systems and procedures may be challenging and we may not be successful in doing so. We believe certain synergies may be achieved by harmonizing the operational, legal, financial and management controls, reporting systems and procedures but we may not be successful in our harmonization efforts and this may result in not only being able to take advantage of synergies but expose us to additional operational, legal and financial risks and exposures associated with several levels of disorganized systems and procedures. With limited resources, historically the Centessa Subsidiaries may not have dedicated sufficient resources to ensure its operational, legal, financial and management controls, reporting systems, compliance and other procedures meet required standards and this may expose us to historical non-compliance investigations and liabilities, which may have a material adverse effect on our post reorganization operations. We also may face difficulties with the integration of our Centessa Subsidiaries if there is disagreement between the founder-subject matter experts and management of Centessa with respect to the development of the Centessa Subsidiary programs.

As of April 15, 2021 we had an aggregate of 34 employees and 46 contractors. We may not be successful in integrating and retaining such employees and consultants or find replacements which could have a material adverse effect on our ability to develop and commercialize our programs and product candidates. As our development and commercialization plans and strategies develop, and as we transition into operating as a public company, we expect to need additional managerial, operational, sales, marketing, legal, financial and other personnel. Future growth would impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining and motivating additional employees;
- managing our internal development efforts effectively, including the clinical and FDA review process for our product candidates, while complying with our contractual obligations to contractors and other third parties; and
- improving our operational, legal, financial and management controls, reporting systems and procedures.

Our future financial performance and our ability to commercialize any product candidates that are approved for marketing will depend, in part, on our ability to effectively manage any future growth, and our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

We currently rely, and for the foreseeable future will continue to rely, in substantial part on certain independent organizations, advisors and consultants to provide certain services, including substantially all aspects of legal and compliance, regulatory approval, clinical trial management and manufacturing. There can be no assurance that the services of independent organizations, advisors and consultants will continue to be available to us on a timely basis when needed, or that we can find qualified replacements. In addition, if we are unable to effectively manage our outsourced activities or if the quality or accuracy of the services provided by consultants is compromised for any reason, our clinical trials may be extended, delayed or terminated, and we may not be able to obtain regulatory approval of our product candidates or otherwise advance our business. There can be no assurance that we will be able to manage our existing consultants or find other competent outside contractors and consultants on economically reasonable terms, or at all.

If we are not able to effectively expand our organization by hiring new employees and expanding our groups of consultants and contractors, we may not be able to successfully implement the tasks necessary to further develop and potentially commercialize our product candidates and, accordingly, may not achieve our research, development and commercialization goals. We may not have sufficient funding to support our expansion. For more information, please see “Use of Proceeds” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Centessa Pharmaceuticals Limited.”

Our reliance on a central team consisting of a limited number of employees who provide various administrative, research and development, and other services across our organization presents operational challenges that may adversely affect our business.

As of April 15, 2021, our parent organization had 34 full-time equivalent employees, upon which we rely for various operational, administrative, research and development, and other support services shared among our other operating subsidiaries. We also have consultants who we rely on for research and development, business development, and other services. While we believe this structure enables us to reduce certain infrastructure costs, the small size of our centralized team may limit our ability to devote adequate personnel, time, and resources to support the operations of all of our subsidiaries, including their operational, research and development activities, and the management of compliance, financial, accounting, and reporting matters. If our centralized team fails to provide adequate operational, administrative, research and development, or other services across our entire organization, our business, financial condition, and results of operations could be harmed.

Some of our officers currently serve, and in the future may serve, as directors or officers of our Centessa Subsidiaries, and, as a result, have and may continue to have, statutory, fiduciary and other duties to our subsidiaries causing conflicts of interest with respect to their duties to us and their duties to our subsidiaries and in determining how to devote themselves to our affairs and the affairs of our subsidiaries. Our subsidiaries' partners may also disagree with the sufficiency of resources that we provide to each Centessa Subsidiary.

Certain of our officers, including Saurabh Saha, M.D., Ph.D., our Chief Executive Officer, Marella Thorell, our Chief Accounting Officer, and Iqbal Hussain, our General Counsel, are, or upon the completion of this offering will be, directors and/or officers of each Centessa Subsidiary and, as a result, have fiduciary or other duties both to us and our subsidiaries. Dr. Saha, Ms. Thorell and Mr. Hussain do not receive any additional compensation for their service as directors of our Centessa Subsidiaries. The conflicts of interest that arise from such duties could interfere with the management of our subsidiaries and their programs and product candidates, or result in disagreements with our subsidiaries' partners. For example, an individual who is both a director of one of our subsidiaries and an officer of Centessa owes statutory and fiduciary duties to the Centessa Subsidiary and to us, and such individual may encounter circumstances in which his or her decision or action may benefit the Centessa Subsidiary while having a detrimental impact on Centessa, or vice versa, or on another Centessa Subsidiary, including one for which he or she also serves as a director. Further, in the future, certain of our officers may serve as officers and directors of our Centessa Subsidiaries. Any such individual would need to allocate his or her time to responsibilities owed to Centessa and each of the Centessa Subsidiaries for which he or she serves as an officer or director, and would make decisions on behalf of one entity that may negatively impact others. In addition, disputes could arise between us and our Centessa Subsidiary's partners regarding a conflict of interest or perceived conflict of interest arising from the overlap between the officers and directors of the Centessa Subsidiary and those of Centessa. These partners also may disagree with the amount and quality of resources that are devoted to the Centessa Subsidiary they are invested in. Any such disputes or disagreements could distract our management, interfere with our relations with our partners, and take significant time to resolve, which could disrupt the development of our product candidates, delay our potential commercialization efforts, result in increased costs or make it less likely that other third parties will choose to partner with us in the future.

Our Centessa Subsidiaries are party to certain agreements that provide our licensors and/or collaborators with rights that could delay or impact the ability of our Centessa Subsidiaries to sell assets, or enter into strategic alliances, collaborations or licensing arrangements with other third parties or the potential sale of our Centessa Subsidiaries.

Each of our Centessa Subsidiaries licenses intellectual property from third parties and we expect such practice to continue in the future. These third parties have certain rights that could delay collaboration, licensing or other arrangements with another third party, and the existence of these rights may adversely impact our ability to attract an acquirer or partner. These rights include rights of negotiation and fees payable upon a sale of assets or change of control of a Centessa Subsidiary that are contained in license agreements.

For example, each of Palladio, Pega-One, ApcinteX and Z Factor, is party to certain license agreements that provide for payments upon satisfaction of milestones, royalty payments, diligence obligations and other customary terms contained in agreements for the in-license of programs and their intellectual property. See “Business—License Agreements.”

We may incorporate, form or otherwise acquire additional subsidiaries and enter into similar agreements with future counterparties, or our Centessa Subsidiaries may enter into further agreements, that in each case may contain similar provisions or other terms that are not favorable to us.

Risks Related to our Financial Position, Need for Additional Capital and Growth Strategy

We, and our Centessa Subsidiaries prior to the Reorganization, incurred net losses since inception, and we expect to continue to incur losses for the foreseeable future and may never achieve or maintain profitability.

We and our subsidiaries prior to the Reorganization incurred significant net losses since inception, have not generated any revenue from product sales to date, and financed operations primarily through private placements of preferred shares. Centessa Pharmaceuticals Limited, the issuer of the securities in this offering, is a newly incorporated holding company for all of the Centessa Subsidiaries in our organization, and we expect to incur significant losses for the foreseeable future. As an organization, we have devoted substantially all of our efforts to research and development, including clinical and preclinical development of our product candidates, as well as to building out our team. We expect that it could be several years, if ever, before we have a commercialized product candidate. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. The net losses we incur may fluctuate significantly from quarter to quarter each financial year. We anticipate that our expenses will increase substantially if, and as, we:

- continue our research and the preclinical and clinical development of our product candidates, including our ongoing and planned clinical trials;
- initiate additional clinical trials and preclinical studies for our other product candidates, including those in our pipeline that are expected to advance into the clinic in the near future; if any of our product candidates advance through and complete late-stage development, prepare and submit marketing applications with the FDA and comparable regulatory authorities;
- experience any delays or encounter any issues with any of the above, including but not limited to failed studies, complex results, safety issues or other regulatory challenges;
- seek to discover and develop additional product candidates;
- establish a sales, marketing and distribution infrastructure to commercialize any product candidates for which we may obtain marketing approval;
- maintain, expand and protect our intellectual property portfolio;
- fulfill future potential payment obligations under our incentivization agreements with each Centessa subsidiary; and
- acquire or in-license other product candidates and technologies.

To become and remain profitable, we must develop and eventually commercialize product candidates with significant market potential. This will require us to be successful in a range of challenging activities, including completing preclinical testing and clinical trials of our product candidates, obtaining marketing approval for these product candidates, manufacturing, marketing and selling those products for which we may obtain marketing approval and satisfying any post-marketing requirements. We may never succeed in any or all of these activities and, even if we do, we may never generate revenues that are significant or large enough to achieve profitability. If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would decrease the value of our company and could impair our ability to raise capital, maintain our research and development efforts and expand our business or continue our operations. A decline in the value of our company could cause you to lose all or part of your investment.

Our limited operating history may make it difficult for investors to evaluate our business, operations and prospects.

We are a newly incorporated holding company incorporated in October 2020. Our wholly-owned Centessa Subsidiaries are each in the development stage and have had limited operating histories. Our operations to date have been limited to organizing and staffing our company, business planning, developing our operating model, raising capital, acquiring our technology, identifying potential product candidates, establishing collaborations and undertaking preclinical studies and clinical trials of our most advanced product candidates. As an organization, we have not yet demonstrated a track record of conducting or completing Phase 3 trials of our product candidates, obtaining marketing approvals, manufacturing a commercial-scale product or conducting sales and marketing activities necessary for successful commercialization. Consequently, any predictions made about our future success or viability may not be as accurate as they could be if we had a longer operating history.

In addition, as a new business, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. We will need to transition from a company with a research focus to a company that is also capable of supporting commercial activities. We may not be successful in such a transition.

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

Our ability to generate revenue from product sales and achieve profitability depends on our ability, alone or with collaborative partners, to successfully complete the development of, and obtain the regulatory approvals necessary to commercialize, our product candidates. We do not anticipate generating revenues from product sales for the next several years, if ever. Our ability to generate future revenues from product sales depends heavily on our, or our collaborators', success in:

- completing research and preclinical and clinical development of our product candidates;
- seeking and obtaining regulatory and marketing approvals for product candidates for which we complete clinical trials;
- in-licensing, acquiring, discovering or otherwise expanding our pipeline of product candidates for clinical development;
- launching and commercializing product candidates for which we obtain regulatory and marketing approval by establishing a sales force, marketing and distribution infrastructure or, alternatively, collaborating with a commercialization partner;
- qualifying for adequate coverage and reimbursement by government and third-party payors for our product candidates;
- maintaining and enhancing a sustainable, scalable, reproducible and transferable manufacturing process for our product candidates;
- establishing and maintaining supply and manufacturing relationships with third parties that can provide adequate, in both amount and quality, products and services to support clinical development and the market demand for our product candidates, if approved;
- obtaining market acceptance of our product candidates as a viable treatment option;
- addressing any competing technological and market developments;
- implementing additional internal systems and infrastructure, as needed;
- negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter and performing our obligations in such collaborations;
- maintaining, protecting and expanding our portfolio of intellectual property rights, including patents, trade secrets and know-how;
- avoiding and defending against third-party interference or infringement claims; and
- attracting, hiring and retaining qualified personnel.

Even if one or more of the product candidates that we develop is approved for commercial sale, we anticipate incurring significant costs associated with commercializing any approved product candidate. Our expenses could increase beyond expectations if we are required by the FDA, the European Medicines Agency (EMA), or the Medicines and Healthcare products Regulatory Agency (MHRA), or other regulatory authorities to perform clinical and other studies in addition to those that we currently anticipate. Even if we are able to generate revenues from the sale of any approved products, we may not become profitable and may need to obtain additional funding to continue operations.

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

Developing pharmaceutical products, including conducting preclinical studies and clinical trials, is a very time-consuming, expensive and uncertain process that takes years to complete. We will need substantial additional funds to expand our development, regulatory, manufacturing, marketing and sales capabilities or contract with other organizations in order to enter and advance our product candidates through preclinical studies and clinical trials. Our Centessa Subsidiaries have used substantial funds in their research and development programs and will continue to expend significant resources to advance their programs and product candidates.

As of December 31, 2020, we had $5.0 million in cash and cash equivalents. In January 2021, we raised an aggregate of $245 million from the sale of our Series A preferred shares. Based on our current operating plan, we believe that our available cash, cash equivalents and short-term investments, together with the net proceeds from this offering, will be sufficient to fund our anticipated level of operations through . 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, and changing circumstances, some of which may be beyond our control, could cause us to consume capital significantly faster than we currently anticipate, and we may need to seek additional funds sooner than planned. Our monthly spending levels vary based on new and ongoing development and corporate activities. Because the length of time and activities associated with successful development of our product candidates is highly uncertain, we are unable to estimate the actual funds we will require for development and any approved marketing and commercialization activities.

We currently expect to use the net proceeds from this offering, together with our existing cash to fund the continued development and precommercialization costs of our clinical-stage product candidates; to fund continued development of the other programs in our pipeline, including designing and conducting preclinical studies and clinical trials, as well as funding discovery, manufacturing, research and development; to fund the acquisition of and drug development activities related to new programs; although we have no material agreements, commitments or understandings with respect to any in-license or acquisition, we have and plan to continue to evaluate such opportunities and engage in related discussions with other business entities from time to time; and the remainder for working capital and other general corporate purposes. As a result, the net proceeds from this offering, together with our cash and cash equivalents, will not be sufficient for us to fund our development activities, operations, business plan, commercialization and other activities beyond .

To execute our business plan, we will need, among other things, to:

- obtain the human and financial resources necessary to develop, test, obtain regulatory approval for, manufacture and market our product candidates;
- build and maintain a strong intellectual property portfolio and avoid infringing intellectual property of third parties;
- establish and maintain successful licenses, collaborations and alliances;
- satisfy the requirements of clinical trial protocols, including patient enrollment;
- establish and demonstrate the clinical efficacy and safety of our product candidates;

- obtain regulatory approvals;
- manage our spending as costs and expenses increase due to preclinical studies and clinical trials, regulatory approvals, commercialization, legal and regulatory compliance, and increased operations;
- obtain additional capital to support and expand our operations; and
- market our products to achieve acceptance and use by the medical community in general.

We do not expect to realize revenue from product sales, milestone payments or royalties in the foreseeable future, if at all. Our revenue sources are, and will remain, extremely limited unless and until our product candidates are clinically tested, approved for commercialization and successfully marketed.

We will be required to seek additional funding in the future and intend to do so through either public or private equity offerings or debt financings, credit or loan facilities or a combination of one or more of these funding sources. Attempting to secure additional financing may divert our management from our day-to-day activities, which may adversely affect our ability to develop our product candidates. Our ability to raise additional funds will depend on financial, economic and other factors, many of which are beyond our control. Additional funds may not be available to us on acceptable terms or at all. If we raise additional funds by issuing equity securities, our shareholders will suffer dilution and the terms of any financing may adversely affect the rights of our shareholders. In addition, as a condition to providing additional funds to us, future investors may demand, and may be granted, rights superior to those of existing shareholders. Debt financing, if available, may involve restrictive covenants limiting our flexibility in conducting future business activities, and, in the event of insolvency, debt holders would be repaid before holders of equity securities received any distribution of corporate assets.

If we raise additional funds through collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, reduce or terminate our product development or future commercialization efforts or grant rights to third parties to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

If we engage in acquisitions or strategic partnerships, this may increase our capital requirements, dilute our shareholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

As part of our asset-centric business model and strategy, we may engage in various acquisitions and strategic partnerships in the future, including licensing or acquiring new or complementary products, intellectual property rights, technologies, or businesses. Any acquisition or strategic partnership may entail numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of indebtedness or contingent liabilities;
- the issuance of our equity securities which would result in dilution to our shareholders;
- assimilation of operations, intellectual property, products and product candidates of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management’s attention from our existing product programs and initiatives in pursuing such an acquisition or strategic partnership;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or product candidates and regulatory approvals; and

- our inability to generate revenue from acquired intellectual property, technology and/or products sufficient to meet our objectives or even to offset the associated transaction and maintenance costs; and
- our assumption of liabilities of the acquired subsidiary or acquired assets.

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

If we acquire additional companies in the future, it could adversely affect our operating results and the value of our ADSs.

As part of our asset-centric business model and strategy, we may acquire additional companies. Investments in our existing and any future subsidiaries involve numerous risks, including, but not necessarily limited to:

- risk of conducting research and development activities in new therapeutic areas or treatment modalities in which we have little to no experience;
- diversion of financial and managerial resources from existing operations;
- successfully negotiating a proposed acquisition, in-license or investment in a timely manner and at a price or on terms and conditions favorable to us;
- successfully combining and integrating a potential acquisition into our existing business to fully realize the benefits of such acquisition;
- the impact of regulatory reviews on a proposed acquisition, in-license or investment; and
- the assumption of liabilities of acquired subsidiaries and outcome of any legal proceedings that may be instituted with respect to the proposed acquisition, in-license or investment.

If we fail to properly evaluate potential acquisitions, in-licenses, investments or other transactions associated with the creation of new research and development programs or the maintenance of existing ones, we might not achieve the anticipated benefits of any such transaction, we might incur costs in excess of what we anticipate, and management resources and attention might be diverted from other necessary or valuable activities.

Risks Related to Our Business and the Clinical Development, Regulatory Review and Approval

Our product candidates are in various stages of development, including many in discovery and preclinical stages, and may fail in development or suffer delays that materially adversely affect their commercial viability.

We have no products on the market and most of our product candidates in our pipeline are in the early stages of development. For example, across our organization, we currently have four product candidates that are in clinical development—lixivaptan, developed by Palladio, imgatuzumab, developed by Pega-One, SerpinPC, developed by ApcinteX, and Z874, developed by Z Factor. The remainder of our programs are in discovery or IND-enabling phases. Our ability to achieve and sustain profitability depends on obtaining regulatory approvals for, and successfully commercializing, our product candidates, either alone or with third parties. Before obtaining regulatory approval for the commercial distribution of our product candidates, we or a collaborator must conduct extensive preclinical tests and clinical trials to demonstrate the safety and efficacy of our drug product candidates and the safety, purity, and potency or efficacy, of our biologic product candidates. Preclinical testing and clinical trials are expensive, difficult to design and implement, can take many years to complete and are uncertain as to outcome. The start or end of a clinical study is often delayed or halted due to changing regulatory requirements, manufacturing challenges, required clinical trial administrative actions, slower than anticipated patient enrollment, changing standards of care, availability or prevalence of use of a comparative drug or required prior therapy, clinical outcomes or financial constraints. For instance, delays or difficulties in patient enrollment or difficulties in retaining trial participants can result in increased costs, longer development times or termination of

a clinical trial. Clinical trials of a new product candidate require the enrollment of a sufficient number of patients, including patients who are suffering from the disease the product candidate is intended to treat and who meet other eligibility criteria. Rates of patient enrollment are affected by many factors, including the size of the patient population, the eligibility criteria for the clinical trial, the age and condition of the patients, the stage and severity of disease, the nature of the protocol, the proximity of patients to clinical sites and the availability of effective treatments for the relevant disease.

A product candidate can unexpectedly fail at any stage of preclinical and clinical development. The historical failure rate for product candidates is high due to scientific feasibility, safety, efficacy, changing standards of medical care and other variables. The results from preclinical testing or early clinical trials of a product candidate may not predict the results that will be obtained in later phase clinical trials of the product candidate. We, the FDA or other applicable regulatory authorities may suspend clinical trials of a product candidate at any time for various reasons, including a belief that subjects participating in such trials are being exposed to unacceptable health risks or adverse side effects. We may not have the financial resources to continue development of, or to enter into collaborations for, a product candidate if we experience any problems or other unforeseen events that delay or prevent regulatory approval of, or our ability to commercialize, product candidates, including:

- negative or inconclusive results from our clinical trials or the clinical trials of others for product candidates similar to ours, leading to a decision or requirement to conduct additional preclinical testing or clinical trials or abandon a program;
- serious and unexpected drug-related side effects experienced by participants in our clinical trials or by individuals using drugs similar to our product candidates;
- delays in submitting Investigational New Drug applications (INDs), Clinical Trial Applications (CTAs), 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 comparable foreign 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 product 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 product candidates during clinical trials;
- unfavorable FDA or other regulatory agency inspection and review of a clinical trial 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, policy and guidelines, including the imposition of additional regulatory oversight around clinical testing generally or with respect to our technology in particular; or
- varying interpretations of data by the FDA and similar foreign regulatory agencies; or
- factors including any delays caused by the continuing impact of the COVID-19 global pandemic and future epidemics, pandemics and other macroeconomic considerations.

Some of the clinical trials performed to date were, and in the future we may conduct, open-label studies involving only a limited number of clinical sites and a limited number of patients. An “open-label” clinical trial

is one where both the patient and investigator know whether the patient is receiving the investigational product candidate or either an existing approved drug or placebo. Most typically, open-label clinical trials test only the investigational product candidate and sometimes may do so at different dose levels. Open-label clinical trials are subject to various limitations that may exaggerate any therapeutic effect as patients in open-label clinical trials are aware when they are receiving treatment. Open-label clinical trials may be subject to a "patient bias" where patients perceive their symptoms to have improved merely due to their awareness of receiving an experimental treatment. Moreover, patients selected for early clinical studies often include the most severe sufferers and their symptoms may have been bound to improve notwithstanding the new treatment. In addition, open-label clinical trials may be subject to an "investigator bias" where those assessing and reviewing the physiological outcomes of the clinical trials are aware of which patients have received treatment and may interpret the information of the treated group more favorably given this knowledge. Given that our development programs for ApcinteX and Palladio have included open-label clinical trials, the results from these clinical trials may not be predictive of future clinical trial results with these or other product candidates when studied in a controlled environment with a placebo or active control.

We may not be successful in our efforts to identify, discover, in-license or otherwise acquire additional product candidates and may fail to capitalize on programs or product candidates that may be a greater commercial opportunity or for which there is a greater likelihood of success.

The success of our business depends upon our ability to identify, develop and commercialize product candidates. Research programs to identify new product candidates require substantial technical, financial and human resources. Although certain of our product candidates are currently in clinical or preclinical development, we may fail to identify other potential product candidates for clinical development for several reasons. For example, our research may be unsuccessful in identifying potential product candidates or our potential product candidates may be shown to have harmful side effects, may be commercially impracticable to manufacture or may have other characteristics that may make the products unmarketable or unlikely to receive marketing approval.

Additionally, because we have limited resources, we may forego or delay pursuit of opportunities with certain programs or product candidates or for indications that later prove to have greater commercial potential. Our spending on current and future research and development programs may not yield any commercially viable products. If we do not accurately evaluate the commercial potential for a particular product candidate, we may relinquish valuable rights to that product candidate through strategic collaboration, licensing or other arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate. Alternatively, we may allocate internal resources to a product candidate in a therapeutic area in which it would have been more advantageous to enter into a partnering arrangement.

If any of these events occur, we may be forced to abandon our development efforts with respect to a particular product candidate or fail to develop a potentially successful product candidate, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Success in preclinical studies or early clinical trials may not be indicative of results obtained in later trials.

Results from preclinical studies or previous clinical trials are not necessarily predictive of future clinical trial results, and interim results of a clinical trial are not necessarily indicative of final results. The results generated to date in preclinical studies or clinical trials for our product candidates do not ensure that later preclinical studies or clinical trials will demonstrate similar results. Our product candidates may fail to show the desired safety and efficacy in clinical development despite demonstrating positive results in preclinical studies or having successfully advanced through initial clinical trials. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical and earlier stage clinical trials. In later-stage clinical trials, we will likely be subject to more rigorous statistical analyses than in completed earlier stage clinical trials. In some instances, there can be significant variability in safety or efficacy results

between different clinical trials of the same product candidate due to numerous factors, including changes in clinical trial procedures set forth in protocols, differences in the size and type of the patient populations, adherence to the dosing regimen and other clinical trial protocols, and the rate of dropout among clinical trial participants. We cannot guarantee that any of our clinical trials will be conducted as planned or completed on schedule, or at all. Clinical trials can fail at any stage of testing and failure may result from a multitude of factors, including, among other things, flaws in study design, dose selection issues, placebo effects, patient enrollment criteria and failure to demonstrate favorable safety or efficacy traits.

There is a high failure rate for small molecule drugs and biologic products proceeding through clinical development. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials even after achieving promising results in preclinical testing and earlier-stage clinical trials. Data obtained from preclinical and clinical activities are subject to varying interpretations, which may delay, limit or prevent regulatory approval, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval of their products. In addition, we may experience regulatory delays or rejections as a result of many factors, including due to changes in regulatory policy during the period of our product candidate development. Furthermore, the failure of any of our product candidates to demonstrate safety and efficacy in any clinical trial could negatively impact the perception of our other product candidates and/or cause the FDA or other regulatory authorities to require additional testing before approving any of our product candidates. Any such delays could materially and adversely affect our business, financial condition, results of operations and prospects.

We may encounter substantial delays or challenges in the initiation, conduct or completion of our clinical trials, and the results of clinical development are uncertain.

Before obtaining marketing approval from regulatory authorities for the sale of our product candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of the product candidate for its intended indications. Clinical trials are expensive, time-consuming and uncertain as to outcome. We cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. A failure of one or more clinical trials can occur at any stage of testing. Events that may prevent successful or timely completion of clinical development include:

- delay in completing preclinical studies;
- delays in reaching a consensus with regulatory authorities on trial design;
- delays in obtaining authorizations of INDs to commence a clinical trial;
- delays in reaching agreement or failing to agree on acceptable terms with prospective clinical research organizations (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;
- delays in obtaining Institutional Review Board (IRB), or independent ethics committee approval at each clinical trial site;
- delays in opening a sufficient number of clinical trial sites and recruiting an adequate number of suitable patients to participate in our clinical trials;
- imposition of a clinical hold by regulatory authorities as a result of a serious adverse event, concerns with a class of product candidates or after an inspection of our clinical trial operations or trial sites;
- delays in having patients complete participation in a trial or return for post-treatment follow-up;
- occurrence of clinical trial sites deviating from clinical trial protocol or dropping out of a clinical trial;
- obtaining sufficient product supply of product candidate for use in preclinical studies or clinical trials from third-party suppliers;

- occurrence of serious adverse events associated with the product candidate that are viewed to outweigh its potential benefits; or
- changes in regulatory requirements and guidance that require amending or submitting new clinical protocols; or
- macro factors such as the COVID-19 global pandemic.

Any inability to successfully complete preclinical and clinical development could result in additional costs to us or impair our ability to generate revenue from future drug sales and regulatory and commercialization milestones. In addition, if we make manufacturing or formulation changes to our product candidates, we may need to conduct additional testing to bridge our modified product candidate to earlier versions. Clinical trial delays could also shorten any periods during which we may have the exclusive right to commercialize our product candidates, if approved, or allow our competitors to bring comparable drugs to market before we do, which could impair our ability to successfully commercialize our product candidates and may harm our business, financial condition, results of operations and prospects.

Additionally, if the results of our clinical trials are inconclusive or if there are safety concerns or serious adverse events associated with our product candidates, we may:

- be delayed in obtaining marketing approval, if at all;
- obtain approval for indications or patient populations that are not as broad as intended or desired;
- obtain approval with labeling that includes significant use or distribution restrictions or safety warnings;
- be subject to additional post-marketing testing requirements;
- be required to perform additional clinical trials to support approval or be subject to additional post-marketing testing requirements;
- have regulatory authorities withdraw, or suspend, their approval of the drug or impose restrictions on its distribution in the form of a modified risk evaluation and mitigation strategy, or REMS, plan;
- be subject to the addition of labeling statements, such as warnings or contraindications;
- be sued; or
- experience damage to our reputation.

Our drug development costs will also increase if we experience delays in testing or obtaining marketing approvals. We do not know whether any of our preclinical studies or clinical trials will begin as planned, need to be restructured or be completed on schedule, if at all.

Further, we, the FDA or other regulatory authorities, or an IRB or ethics committee of the institutions in which our clinical trials are being conducted, or the Data Safety Monitoring Board for such trials, if any, may suspend or terminate our clinical trials. Such authorities may suspend or terminate a clinical trial at any time due to a number of factors, including if it appears that we or our collaborators are failing to conduct a trial in accordance with regulatory requirements, including the FDA's current Good Clinical Practice (GCP), regulations, unforeseen safety issues or unacceptable health risks, failure to demonstrate a benefit from the product candidates, or if the FDA finds deficiencies in our INDs or the conduct of these trials. Therefore, we cannot predict with any certainty the schedule for commencement and completion of future clinical trials. If we experience delays in the commencement or completion of our clinical trials, or if we terminate a clinical trial prior to completion, the commercial prospects of our product candidates could be negatively impacted, and our ability to generate revenues from our product candidates may be delayed or eliminated entirely.

Even if we complete the necessary preclinical studies and clinical trials, the marketing approval process is expensive, time-consuming and uncertain and may prevent us from obtaining approvals for the commercialization of our product candidates.

Any product candidate we develop and the activities associated with its development and commercialization, including its design, testing, manufacture, safety, efficacy, recordkeeping, labeling, storage, approval, advertising, promotion, sale, and distribution, are subject to comprehensive regulation by the FDA and other regulatory authorities in the United States and by comparable authorities in other countries. Failure to obtain marketing approval for a product candidate will prevent us from commercializing the product candidate in a given jurisdiction. We have not received approval to market any product candidates from regulatory authorities in any jurisdiction and it is possible that none of the product candidates we are developing or may seek to develop in the future will ever obtain regulatory approval. We have no experience in submitting and supporting the applications necessary to gain marketing approvals and expect to rely on third-party CROs or regulatory consultants to assist us in this process. Securing regulatory approval requires the submission of extensive preclinical and clinical data and supporting information to the various regulatory authorities for each therapeutic indication to establish the product candidate's safety and efficacy. Securing regulatory approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the relevant regulatory authority. Any product candidates we develop may not be effective, may be only moderately effective, or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude its obtaining marketing approval or prevent or limit commercial use.

The process of obtaining marketing approvals is expensive, may take many years if additional clinical trials are required, if approval is obtained at all, and can vary substantially based upon a variety of factors, including the type, complexity, and novelty of the product candidates involved. Changes in marketing approval policies during the development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for each submitted product application, may cause delays in the approval or rejection of an application. The FDA and comparable authorities in other countries have substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient for approval and require additional preclinical, clinical or other studies. This is particularly true for clinical trials in rare diseases, where the very small patient population makes it difficult or impossible to conduct traditional, adequate and well-controlled studies, and therefore the FDA or comparable foreign regulatory authorities are often required to exercise flexibility in approving therapies for such diseases. To the extent that the results of the trials are not satisfactory to the FDA or comparable foreign regulatory authorities for support of a marketing application, we may be required to expend significant resources, which may not be available to us, to conduct additional trials in support of potential approval of our product candidates. In addition, varying interpretations of the data obtained from preclinical and clinical testing could delay, limit, or prevent marketing approval of a product candidate. Any marketing approval that we may ultimately obtain could be limited or subject to restrictions or post-approval commitments that render the approved product not commercially viable.

If we experience delays in obtaining approval or if we fail to obtain approval of any product candidates we may develop, the commercial prospects for those product candidates may be harmed, and our ability to generate revenues will be materially impaired.

We may find it difficult to enroll patients in our clinical trials, which could delay or prevent us from proceeding with clinical trials of our product candidates.

Identifying and qualifying patients to participate in clinical trials of our product candidates is critical to our success. The timing of our clinical trials depends on our ability to recruit patients to participate in such trials as well as the completion of any required follow-up periods. Some of our product candidates are designed to target orphan indications. For example, Palladio is developing lixivaptan for the treatment of ADPKD and ApcinteX is developing SerpinPC for the treatment of hemophilia. Trials in orphan indications often take longer to enroll than trials for other indications due to the smaller patient population from which subjects can be recruited. We may

experience delays in any of our future clinical trials. If patients are unwilling to participate in our studies because of negative publicity from adverse events related to certain modalities utilized in one or more of our product candidates, competitive clinical trials for similar patient populations or for other reasons, the timeline for recruiting patients, conducting studies and obtaining regulatory approval of our product candidates may be delayed. delays could result in increased costs, delays in advancing our product candidates, delays in testing the effectiveness of our product candidates or termination of the clinical trials altogether.

We may not be able to identify, recruit and enroll a sufficient number of patients, or those with required or desired characteristics, to complete our clinical trials in a timely manner. Patient enrollment and trial completion is affected by factors including:

- size of the patient population and process for identifying subjects;
- design of the trial protocol;
- eligibility and exclusion criteria;
- perceived risks and benefits of the product candidate under study;
- perceived risks and benefits of approaches utilized by one or more of our product candidates to treatment of diseases;
- availability of competing therapies and clinical trials;
- severity of the disease under investigation;
- proximity and availability of clinical trial sites for prospective subjects;
- ability to recruit clinical trial investigators with the appropriate competencies and experience;
- ability to obtain and maintain subject consent;
- risk that enrolled subjects will drop out before completion of the trial;
- patient referral practices of physicians;
- ability to monitor subjects adequately during and after treatment; and
- factors we may not be able to control, such as current or potential pandemics that may limit patients, principal investigators or staff or clinical site availability (*e.g.*, the COVID-19 pandemic).

We plan to seek initial marketing approval in the United States and certain other major markets such as major countries in the European Union (EU), and the United Kingdom. We may not be able to initiate or continue clinical trials if we cannot enroll a sufficient number of eligible patients to participate in the clinical trials required by FDA, EMA, MHRA or other regulatory authorities. Our ability to successfully initiate, enroll and complete a clinical trial in any foreign country is subject to numerous risks unique to conducting business in foreign countries, including:

- difficulty in establishing or managing relationships with CROs, and physicians;
- difficulty in obtaining local regulatory approval to conduct clinical trials;
- different standards for the conduct of clinical trials;
- our inability to locate qualified local consultants, physicians and partners; and
- the potential burden of complying with a variety of foreign laws, medical standards and regulatory requirements, including the regulation of pharmaceutical and biotechnology products and treatment.

If we have difficulty enrolling a sufficient number of patients to conduct our clinical trials as planned, we may need to delay, limit or terminate ongoing or planned clinical trials, any of which would have an adverse effect on our business, financial condition, results of operations and prospects.

We are dependent on third parties having accurately generated, collected, interpreted and reported data from certain preclinical studies and clinical trials that were previously conducted for our product candidates.

We have licensed patent and other intellectual property rights from third parties and we may continue to seek and enter into similar licenses for future programs. In certain cases, we intend to rely on results of studies previously conducted by third parties to support our own development of these candidates. For example, the historical development of imgatuzumab was conducted by Roche, the results from which Pega-One intends to utilize to support the further development of this program. In such cases, we may have no involvement with or control over the preclinical and clinical development of any of such product candidates prior to obtaining the in-license. Therefore, we would be dependent on these third parties having conducted their research and development in accordance with the applicable protocols, legal and regulatory requirements, and scientific standards; having accurately reported the results of all preclinical studies and clinical trials conducted with respect to such product candidates and having correctly collected and interpreted the data from these studies and trials. If these activities were not compliant, accurate or correct, the clinical development, regulatory approval or commercialization of our product candidates will be adversely affected.

In addition, our belief in the therapeutic potential of lixivaptan is based, in part, on experiences of Cardiokine in its development of this molecule for a hyponatremia indication, which included over 30 clinical trials. Cardiokine had previously submitted an NDA for lixivaptan for the hyponatremia indication, for which the FDA subsequently issued a complete response letter that cited certain product quality and safety issues and resulted in the agency's determination not to approve lixivaptan for hyponatremia. Palladio subsequently obtained feedback from the FDA, following which, the FDA agreed with Palladio that no additional non-clinical work would be required to support the commencement of clinical trials or an NDA submission for an ADPKD indication. While, the meeting minutes issued by the FDA stated that the FDA did not believe the mortality findings from the legacy Cardiokine BALANCE trial — treatment of hyponatremia in hospitalized patients with congestive heart failure —would pose a barrier to approval of lixivaptan for the treatment of ADPKD, there can be no assurance that the FDA will maintain such position with respect to the lixivaptan ADPKD program under development by Palladio. If the FDA requires additional development and testing of lixivaptan, including in the form of additional preclinical or clinical studies that we have not planned for, we would be required to expend additional resources and our developmental timelines for this candidate will be delayed.

We may be unable to obtain U.S. or foreign regulatory approval and, as a result, unable to commercialize our product candidates.

Our product candidates are subject to extensive governmental regulations relating to, among other things, research, testing, development, manufacturing, safety, efficacy, approval, recordkeeping, reporting, labeling, storage, packaging, advertising and promotion, pricing, marketing and distribution of drugs. Rigorous preclinical testing and clinical trials and an extensive regulatory approval process are required to be successfully completed in the U.S. and in many foreign jurisdictions before a new drug can be marketed. Satisfaction of these and other regulatory requirements is costly, time consuming, uncertain and subject to unanticipated delays. It is possible that none of the product candidates we may develop will obtain the regulatory approvals necessary for us or our collaborators to begin selling them. Regulatory authorities may also fail to approve the facilities or processes used to manufacture a product candidate, our dosing or delivery methods.

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 product candidate. The standards that the FDA and its foreign counterparts use when regulating us are not always applied predictably or uniformly and can change. For example, the FDA may revisit its stance that our planned pivotal trial of lixivaptan in ADPKD can serve as a potentially registrational trial. Further, certain historical trials conducted with lixivaptan were conducted by a third party sponsor for an indication other than ADPKD. To the extent any data from historical trials are intended to support a marketing

application for ADPKD, lesser weight may be applied to such data. 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.

In certain cases in the future, we may develop therapies that may represent a new class of drug for which the FDA and its foreign counterparts have not yet established any definitive policies, practices or guidelines in relation to these drugs. For example, we may in the future develop product candidates that we believe are regulated as new drugs under the Federal Food, Drug, and Cosmetic Act, but the FDA could decide to regulate them or other products we may develop as biologics under the Public Health Service Act. The lack of policies, practices or guidelines may hinder or slow review by the FDA of any regulatory filings that we may submit. Moreover, the FDA may respond to these submissions by defining requirements we may not have anticipated. Such responses could lead to significant delays in the clinical development of our product candidates. In addition, because there may be approved treatments for some of the diseases for which we may seek approval, in order to receive regulatory approval, we may need to demonstrate through clinical trials that the product candidates we develop to treat these diseases, if any, are not only safe and effective, but safer or more effective than existing products.

Any delay or failure in obtaining required approvals could have a material adverse effect on our ability to generate revenues from the particular product candidate for which we are seeking approval. Furthermore, any regulatory approval to market a product may be subject to limitations on the approved uses for which we may market the product or the labeling or other restrictions. In addition, the FDA has the authority to require a REMS plan as part of a new drug application (NDA), or biologics license application (BLA), or after approval, which may impose further requirements or restrictions on the distribution or use of an approved drug or biologic, such as limiting prescribing to certain physicians or medical centers that have undergone specialized training, limiting treatment to patients who meet certain safe-use criteria and requiring treated patients to enroll in a registry. These limitations and restrictions may limit the size of the market for the product and affect reimbursement by third-party payors.

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 U.S. and vice versa.

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

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

We may be unable to obtain orphan drug designation or exclusivity. If our competitors are able to obtain orphan drug exclusivity for products that constitute the same drug and treat the same indications as our product candidates, we may not be able to have competing products approved by the applicable regulatory authority for a significant period of time.

We have received orphan drug designation for lixivaptan for ADPKD in the United States and we may in the future seek orphan drug designation for certain of our other product candidates, but we may be unable to maintain orphan drug designation or obtain any benefits associated with orphan drug designation, including market exclusivity. Regulatory authorities in some jurisdictions, including the United States and the European Union, may designate drugs and biologics intended to treat relatively small patient populations as orphan drugs. Under the Orphan Drug Act of 1983, FDA may designate a product candidate as an orphan drug if it is intended to treat a rare disease or condition, which is defined as a disease or condition having a patient population of fewer than 200,000 individuals in the United States, or a patient population greater than 200,000 in the United States where there is no reasonable expectation that the cost of developing the drug will be recovered from sales in the United States. In the European Union, the European Commission after recommendation from the EMA's Committee for Orphan Medicinal Products grants orphan drug designation to promote the development of products that are intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition affecting not more than 5 in 10,000 persons in the European Union. Additionally, orphan designation is granted for products intended for the diagnosis, prevention or treatment of a life-threatening, seriously debilitating or serious and chronic condition and when, without incentives, it is unlikely that sales of the drug in the European Union would be sufficient to justify the necessary investment in developing the drug or biologic product.

Certain of our current product candidates, and our future potential product candidates may target patient populations that are smaller than the numbers described above. If we request orphan drug designation for our product candidates, there can be no assurances that FDA or the European Commission will grant any of our product candidates such designation. Additionally, the designation of any of our product candidates as an orphan product does not guarantee that any regulatory agency will accelerate regulatory review of, or ultimately approve, that product candidate, nor does it limit the ability of any regulatory agency to grant orphan drug designation to product candidates of other companies that treat the same indications as our product candidates prior to our product candidates receiving exclusive marketing approval.

Generally, if a product candidate with an orphan drug designation receives the first marketing approval for the indication for which it has such designation, the product is entitled to a period of marketing exclusivity, which precludes the FDA or the European Commission from approving another marketing application for a product that constitutes the same drug treating the same indication for that marketing exclusivity period, except in limited circumstances. If another sponsor receives such approval before we do (regardless of our orphan drug designation), we will be precluded from receiving marketing approval for our product for the applicable exclusivity period. The applicable period is seven years in the United States and 10 years in the European Union. The exclusivity period in the United States can be extended by six months if the sponsor submits pediatric data that fairly respond to a written request from the FDA for such data. The exclusivity period in the European Union can be reduced to six years if a product no longer meets the criteria for orphan drug designation or if the product is sufficiently profitable so that market exclusivity is no longer justified. Orphan drug exclusivity may be revoked if any regulatory agency determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the product to meet the needs of patients with the rare disease or condition.

Even if we obtain orphan drug exclusivity for a product candidate, that exclusivity may not effectively protect the product candidate from competition because different drugs can be approved for the same condition. In the United States, even after an orphan drug is approved, the FDA may subsequently approve another drug for the same condition if the FDA concludes that the latter drug is not the same drug or is clinically superior in that it is

shown to be safer, more effective or makes a major contribution to patient care. In the European Union, marketing authorization may be granted to a similar medicinal product for the same orphan indication if:

- the second applicant can establish in its application that its medicinal product, although similar to the orphan medicinal product already authorized, is safer, more effective or otherwise clinically superior;
- the holder of the marketing authorization for the original orphan medicinal product consents to a second orphan medicinal product application; or
- the holder of the marketing authorization for the original orphan medicinal product cannot supply sufficient quantities of orphan medicinal product.

We face significant competition in an environment of rapid technological change and the possibility that our competitors may achieve regulatory approval before us or develop therapies that are more advanced or effective than ours, which may adversely affect our ability to successfully market or commercialize our product candidates and our financial condition.

The biotechnology and pharmaceutical industries are characterized by rapidly changing technologies, significant competition and a strong emphasis on intellectual property. We face substantial competition from many different sources, including large and specialty pharmaceutical and biotechnology companies, academic research institutions, government agencies and public and private research institutions. In addition, we face competition from other companies that have adopted business models that are similar to ours in which they establish strategic alliances, create joint ventures or collaborations, or enter into licensing arrangements with third parties for programs, product candidates, technologies or intellectual property. We may not be able to compete effectively with such companies. See "—We may not be successful in our efforts to use our differentiated asset-centric business model to build a pipeline of product candidates with commercial value."

For example, for our clinical-stage product candidates, our main competitors include:

- For lixivaptan, tolvaptan for the treatment of ADPKD, along with venglustat and bardoxolone, which are currently undergoing Phase 3 trials.
- For SerpinPC, approved treatments such as emicizumab that are factor replacement therapies. In addition to these approaches, gene therapies for HA and HB are being developed by various sponsors including BioMarin, Pfizer/Spark and Freeline.
- For imgatuzumab, anti-PD1 immune checkpoint inhibitors such as cemiplimab and pembrolizumab. Cetuximab is also used off-label for advanced CSCC patients who are ineligible for anti-PD1 therapy or who relapse after treatment. Beyond immune checkpoint inhibitors, cisplatin-based combinations have demonstrated modest activity but with significant toxicity.
- For Z-874, several product candidates in clinical development such as VX-864 being developed by Vertex Pharmaceuticals, Inc., ARO-AAT being developed by Arrowhead Pharmaceuticals, Inc. and belcesiran being developed by Dicerna Pharmaceuticals, Inc. for A1ATD.

Many of our potential competitors, alone or with their strategic partners, may have substantially greater financial, technical and other resources, such as larger research and development, clinical, marketing and manufacturing organizations. Mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated among a smaller number of competitors. Our commercial opportunity could be reduced or eliminated if competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that we may develop. Competitors also may obtain FDA or other regulatory approval for their products more rapidly or earlier than we may obtain approval for ours, which could result in our product being prevented from being marketed for significant periods (for example, where our competitor has secured regulatory exclusivity) or our competitors establishing a strong market position before we are able to enter the market. Additionally, technologies

developed by our competitors may render our potential product candidates uneconomical or obsolete, and we may not be successful in marketing our product candidates against competitors.

In addition, as a result of the expiration or successful challenge of our patent rights, we could face more litigation with respect to the validity and/or scope of patents relating to our competitors' products. The availability of our competitors' products could limit the demand, and the price we are able to charge, for any products that we may develop and commercialize.

Our product candidates and the process for administering our product candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, limit the commercial potential or result in significant negative consequences following any potential marketing approval.

Our product candidates may cause undesirable side effects. Additionally, the administration process or related procedures also can cause adverse side effects. Adverse events that occur in our trials may cause us, or cause regulatory authorities or others to order us to halt, delay or amend preclinical development or clinical development of our product candidates and could result in more restrictive labelling or the denial of regulatory approval of our product candidates for any or all targeted indications. Even if serious adverse events are unrelated to study treatment, such occurrences could affect patient enrollment or the ability of enrolled patients to complete the trial. In addition, if any of our product candidates are tested or used in combination with other drugs, these combinations may have additional side effects, which could be more severe than those caused by either therapy alone.

Additionally, certain of our product candidates could cause undesirable side effects in clinical trials related to on-target toxicity. If on-target toxicity is observed, or if our product candidates have characteristics that are unexpected, we may need to abandon their development or limit development to more narrow uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. Many compounds that initially showed promise in early stage testing for treating cancer have later been found to cause side effects that prevented further development of the compound.

Furthermore, 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 our product candidates or those of our competitors may only be uncovered when a significantly larger number of patients have been exposed to the drug. While we believe that our product candidates have demonstrated manageable tolerability profiles thus far in the target indications, there can be no assurance that it or any of our other product candidates will not cause more severe side effects in a greater proportion of patients. In addition, some of our product candidates are intended to address limitations in current treatment approaches by offering potentially greater tolerability. If we do not observe a favorable tolerability profile in testing of such product candidates that differentiate them from competitors in the market, we may decide to suspend or terminate development of such candidates.

In addition, certain of our product candidates target diseases that are life-threatening or are associated with significant co-morbidities. For example, some of our product candidates are designed to address cancers, an indication in which patients may undergo treatment with other therapies such as chemotherapy, radiation, and/or other high dose or myeloablative treatments in the course of treatment of their disease, and may therefore experience side effects or AEs, including death, that are unrelated to our product candidates. While these side effects or AEs may be unrelated to our product candidates, they may still affect the success of our clinical trials. The inclusion of critically ill patients in our clinical trials may also result in deaths or other adverse medical events due to underlying disease or to other therapies or medications that such patients may receive.

Additionally, if any of our product candidates receives marketing approval, FDA could require us to adopt REMS, to ensure that the benefits outweigh its risks, which may include, among other things, a medication guide outlining the risks of the product for distribution to patients and a communication plan to health care

practitioners. Furthermore, if we or others later identify undesirable side effects caused by our product candidate, several potentially significant negative consequences could result, including:

- regulatory authorities may suspend or withdraw approvals of such product candidate;
- regulatory authorities may require additional warnings on the label;
- we may be required to change the way a product candidate is administered or conduct additional clinical trials;
- we could be sued and held liable for harm caused to patients; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of our product candidates and could significantly harm our business, prospects, financial condition and results of operations.

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

Currently, most of the product candidates in our pipeline have not yet commenced clinical trials, and are in preclinical development and IND-enabling activities. We may not be able to file INDs for our product candidates on the timelines we expect. For example, we may experience manufacturing delays or other delays with IND-enabling studies. Moreover, we cannot be sure that submission of an IND will result in the FDA allowing further clinical trials to begin, or that, once begun, issues will not arise that suspend or terminate clinical trials. Additionally, even if such regulatory authorities agree with the design and implementation of the clinical trials set forth in an IND, we cannot guarantee that such regulatory authorities will not change their requirements in the future. These considerations also apply to new clinical trials we may submit as amendments to existing INDs or to a new IND. Any failure to file INDs on the timelines we expect or to obtain regulatory approvals for our trials may prevent us from completing our clinical trials or commercializing our products on a timely basis, if at all.

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

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

Even if we obtain and maintain approval for our product candidates from the FDA, we may never obtain approval for our product candidates outside of the United States, which would limit our market opportunities and adversely affect our business.

Approval of a product candidate in the United States by the FDA does not ensure approval of such product candidate by regulatory authorities in other countries or jurisdictions, and approval by one foreign regulatory

authority does not ensure approval by regulatory authorities in other foreign countries or by the FDA. Sales of our product candidates outside of the United States will be subject to foreign regulatory requirements governing clinical trials and marketing approval. Even if the FDA grants marketing approval for a product candidate, comparable regulatory authorities of foreign countries also must approve the manufacturing and marketing of the product candidates in those countries. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from, and more onerous than, those in the United States, including additional preclinical studies or clinical trials. In many countries outside the United States, a product candidate must be approved for reimbursement before it can be approved for sale in that country. In some cases, the price that we intend to charge for our products, if approved, is also subject to approval. We intend to submit a marketing authorization application to the EMA for approval of our product candidates in the European Union, but obtaining such approval from the European Commission following the opinion of the EMA is a lengthy and expensive process. We may also submit marketing applications to regulators in other jurisdictions, such as to the MHRA in the United Kingdom. Even if a product candidate is approved, the FDA, the European Commission, the MHRA and other foreign regulatory authorities, as the case may be, may limit the indications for which the product may be marketed, require extensive warnings on the product labeling or require expensive and time-consuming additional clinical trials or reporting as conditions of approval. Regulatory authorities in countries outside of the United States and the European Union also have requirements for approval of product candidates with which we must comply prior to marketing in those countries. Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our product candidates in certain countries.

Further, clinical trials conducted in one country may not be accepted by regulatory authorities in other countries. Also, regulatory approval for any of our product candidates may be withdrawn. If we fail to comply with the regulatory requirements, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed and our business, financial condition, results of operations and prospects will be adversely affected.

A Fast Track designation by the FDA, even if granted, may not lead to a faster development or regulatory review or approval process, and does not increase the likelihood that our product candidates will receive marketing approval.

If a drug or biologic is intended for the treatment of a serious or life-threatening condition and the product demonstrates the potential to address unmet medical needs for this condition, the product sponsor may apply for FDA Fast Track designation for a particular indication. We may seek Fast Track designation for certain of our current and future product candidates, but there is no assurance that the FDA will grant this status to any of our proposed product candidates. The FDA has broad discretion whether or not to grant Fast Track designation, so even if we believe a particular product candidate is eligible for this designation, there can be no assurance that the FDA would decide to grant it. Even if we do receive Fast Track designation, we may not experience a faster development process, review or approval compared to conventional FDA procedures, and receiving a Fast Track designation does not provide assurance of ultimate FDA approval. In addition, the FDA may withdraw Fast Track designation if it believes that the designation is no longer supported by data from our clinical development program. In addition, the FDA may withdraw any Fast Track designation at any time.

Even if we receive regulatory approval of one or more of our product candidates, we would be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our product candidates.

Any regulatory approvals that we receive for our product candidates will require surveillance to monitor the safety and efficacy of the product candidate. The FDA may also require a REMS in order to approve our product candidates, which could entail requirements for a medication guide, physician communication plans or additional

elements to ensure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. In addition, if the FDA or a comparable foreign regulatory authority approves our product candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion, import, export and recordkeeping for our product candidates 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 cGMPs, good laboratory practice (GLP) regulations and GCPs, for any clinical trials that we conduct post-approval. Later discovery of previously unknown problems with our product candidates, 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 our product candidates, withdrawal of the product from the market or voluntary or mandatory product recalls;
- manufacturing delays and supply disruptions where regulatory inspections identify observations of noncompliance requiring remediation;
- revisions to the labeling, including limitation on approved uses or the addition of additional warnings, contraindications or other safety information, including boxed warnings;
- imposition of a REMS, which may include distribution or use restrictions;
- requirements to conduct additional post-market clinical trials to assess the safety of the product;
- 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 suspension or revocation of approvals;
- product seizure or detention, or refusal to permit the import or export of our product candidates; and
- injunctions or the imposition of civil or criminal penalties.

The FDA's and other regulatory authorities' policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product 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.

The market opportunities for our oncology product candidates may be relatively small since the patients who may potentially be treated with our oncology product candidates are those who are ineligible for or have failed prior treatments, and our estimates of the prevalence of our target patient populations may be inaccurate.

Cancer therapies are sometimes characterized by line of therapy (first line, second line, third line, fourth line, etc.), and the FDA often approves new therapies initially only for a particular line or lines of use. When cancer is detected early enough, first line therapy is sometimes adequate to cure the cancer or prolong life without a cure. Whenever first line therapy, usually chemotherapy, antibody drugs, tumor-targeted small molecules, hormone therapy, radiation therapy, surgery, or a combination of these, proves unsuccessful, second line therapy may be administered. Second line therapies often consist of more chemotherapy, radiation, antibody drugs, tumor-targeted small molecules, or a combination of these. Third line therapies can include chemotherapy, antibody drugs and small molecule tumor-targeted therapies, more invasive forms of surgery, and new technologies. There is no guarantee that our product candidates, even if approved as a second or third or subsequent line of therapy, would be approved for an earlier line of therapy, and, prior to any such approvals, we may have to conduct additional clinical trials.

Our projections of both the number of people who have the cancers we are targeting, who may have their tumors genetically sequenced, as well as the subset of people with these cancers in a position to receive a particular line of therapy and who have the potential to benefit from treatment with our product candidates, are based on our beliefs and estimates. These estimates have been derived from a variety of sources, including scientific literature, surveys of clinics, patient foundations or market research, and may prove to be incorrect. Further, new therapies may change the estimated incidence or prevalence of the cancers that we are targeting. Consequently, even if our product candidates are approved for a second or third line of therapy, the number of patients that may be eligible for treatment with our product candidates may turn out to be much lower than expected. In addition, we have not yet conducted market research to determine how treating physicians would expect to prescribe a product that is approved for multiple tumor types if there are different lines of approved therapies for each such tumor type.

If we decide in the future to develop our product candidates in combination with other therapies, such strategy may expose us to additional risks.

We may in the future develop one or more of our product candidates in combination with one or more approved or unapproved therapies. Even if any product candidate we develop were to receive marketing approval for use in combination with other approved therapies, the FDA, the EMA, the MHRA or comparable foreign regulatory authorities outside of the United States could still revoke approval of the therapy used in combination with our product. If the therapies used in combination with our product candidates are replaced as the standard of care for the indications we choose for any of our product candidates, the FDA, the EMA, the MHRA or comparable foreign regulatory authorities may require us to conduct additional clinical trials. The occurrence of any of these risks could result in our own products, if approved, being removed from the market or being less successful commercially.

Further, we will not be able to market and sell any product candidate we develop in combination with an unapproved cancer therapy for a combination indication if that unapproved therapy does not ultimately obtain marketing approval either alone or in combination with our product. In addition, unapproved cancer therapies face the same risks described with respect to our product candidates currently in development and clinical trials, including the potential for serious adverse effects, delay in their clinical trials and lack of FDA approval.

If the FDA, EMA, MHRA or comparable foreign regulatory authorities do not approve these other products or revoke their approval of, or if safety, efficacy, quality, manufacturing or supply issues arise with, the products we choose to evaluate in combination with our product candidate we develop, we may be unable to obtain approval of or market such combination therapy.

Certain of our product candidates are expected to be used with a drug delivery system and thus may be regulated as a combination product and may face additional challenges, risks and delays in the product development and regulatory approval process.

Our intranasal OX2R agonist program is expected to be used with the Optinose Bi-Directional Exhalation Delivery System, to which we have an exclusive license agreement. When evaluating product candidates that utilize a specific drug delivery system or device, the FDA will evaluate the characteristics of that delivery system and its functionality, as well as the potential for undesirable interactions between the drug and the delivery system, including the potential to negatively impact the safety or effectiveness of the drug. Intranasal OX2R is in preclinical development and use of the Optinose Bi-Directional Exhalation Delivery System with OX2R may be unsuccessful in clinical trials and we may have to identify another delivery device or develop our own. The FDA review process can be more complicated for combination products, and may result in delays, particularly if novel delivery systems are involved. Additionally, quality or design concerns with the delivery system could delay or prevent regulatory approval and commercialization of intranasal OX2R.

Risks Related to our Reliance on Third Parties

We rely, and expect to continue to rely, on third parties to conduct our preclinical studies and clinical trials and if these third parties perform in an unsatisfactory manner, our business could be substantially harmed.

We currently conduct and expect to continue to rely on third parties such as CROs to conduct our clinical trials. However, we do not currently have the ability to independently conduct large-scale clinical trials, such as a Phase 3 clinical trial, without assistance of third parties.

We have relied upon and plan to continue to rely upon medical institutions, clinical investigators, contract laboratories and other third parties, such as CROs, to conduct or assist us in conducting GCP-compliant clinical trials on our product candidates properly and on time, and may not currently have all of the necessary contractual relationships in place to do so. Once we have established contractual relationships with such third-party CROs, we will have only limited control over their actual performance of these activities.

We and our CROs and other vendors are required to comply with cGMP, GCP and GLP which are regulations and guidelines enforced by the FDA, the Competent Authorities of the Member States of the European Union and any comparable foreign regulatory authorities for all of our product candidates in preclinical and clinical development. Regulatory authorities enforce these regulations through periodic inspections of trial sponsors, principal investigators, clinical trial sites and other contractors. Although we rely on CROs to conduct any current or planned GLP-compliant preclinical studies and GCP-compliant clinical trials and have limited influence over their actual performance, we remain responsible for ensuring that each of our preclinical studies and clinical trials is conducted in accordance with its investigational plan and protocol and applicable laws and regulations, and our reliance on the CROs does not relieve us of our regulatory responsibilities. If we or any of our CROs or vendors fail to comply with applicable regulations, the data generated in our preclinical studies and clinical trials may be deemed unreliable and the FDA, EMA, MHRA or any comparable foreign regulatory agency may require us to perform additional preclinical studies and clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory agency, such regulatory agency will determine that all of our clinical trials comply with GCP regulations. In addition, our clinical trials must be conducted with products produced under cGMP requirements. Our failure to comply with these requirements may require us to repeat clinical trials, which would delay the regulatory approval process.

While we will have agreements governing their activities, our CROs will not be our employees, and we will not be able to control whether or not they devote sufficient time and resources to our future preclinical and clinical programs. These CROs may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials, or other drug development activities which could harm our business. We face the risk of potential unauthorized disclosure or misappropriation of our intellectual property by CROs, which may reduce our trade secret protection and allow our potential competitors to access and exploit our proprietary technology. CROs also may use our proprietary information and intellectual property in such a way as to result in litigation or other intellectual property-related proceedings that could jeopardize or invalidate our proprietary information and intellectual property. If our CROs do not successfully carry out their contractual duties or obligations, fail to meet expected deadlines, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for any other reason, our clinical trials may be extended, delayed or terminated, the clinical data generated in our clinical trials may be deemed unreliable, and we may not be able to obtain regulatory approval for, or successfully commercialize any product candidate that we develop. As a result, our financial results and the commercial prospects for any product candidate that we develop would be harmed, our costs could increase, and our ability to generate revenue could be delayed.

If our relationships with these CROs terminate, we may not be able to enter into arrangements with alternative CROs or do so on commercially reasonable terms. Switching or adding additional CROs involves substantial cost and requires management time and focus, and could delay development and commercialization of our product candidates. In addition, there is a natural transition period when a new CRO commences work. As a result, delays

occur, which can negatively impact our ability to meet our desired clinical development timelines. Though we intend to carefully manage our relationships with our CROs, there can be no assurance that we will not encounter challenges or delays in the future or that these delays or challenges will not have a negative impact on our business and financial condition.

We could experience manufacturing problems that result in delays in our development or commercialization of our programs or otherwise harm our business.

The manufacturing processes our CMOs use to produce our and our affiliates' product candidates are complex. Several factors could cause production interruptions, including inability to develop novel manufacturing processes, equipment malfunctions, facility contamination, raw material shortages or contamination, natural disasters, disruption in utility services, human error or disruptions in the operations of our suppliers, including acquisition of the supplier by a third party or declaration of bankruptcy. The expertise required to manufacture these product candidates may be unique to a particular CMO, and as a result, it would be difficult and time consuming to find an alternative CMO.

Some of our product candidates include biologics, some of which have physical and chemical properties that cannot be fully characterized. As a result, assays of the finished product may not be sufficient to ensure that the product is consistent from lot-to-lot or will perform in the intended manner. Accordingly, our CMOs must employ multiple steps to control the manufacturing process to assure that the process is reproducible and the product candidate is made strictly and consistently in compliance with the process. Problems with the manufacturing process, even minor deviations from the normal process, could result in product defects or manufacturing failures that result in lot failures, product recalls, product liability claims or insufficient inventory to conduct clinical trials or supply commercial markets. We may encounter problems achieving adequate quantities and quality of clinical-grade materials that meet the FDA, the EMA, the MHRA or other applicable standards or specifications with consistent and acceptable production yields and costs.

In addition, the FDA, the EMA, the MHRA and other foreign regulatory authorities may require us to submit samples of any lot of any approved product together with the protocols showing the results of applicable tests at any time. Under some circumstances, the FDA, the EMA, the MHRA or other foreign regulatory authorities may require that we not distribute a lot until the agency authorizes its release. Slight deviations in the manufacturing process, including those affecting quality attributes and stability, may result in unacceptable changes in the product that could result in lot failures or product recalls. Lot failures or product recalls could cause us to delay product launches or clinical trials, which could be costly to us and otherwise harm our business, financial condition, results of operations and prospects.

Our CMOs also may encounter problems hiring and retaining the experienced scientific, quality assurance, quality-control and manufacturing personnel needed to operate our manufacturing processes, which could result in delays in production or difficulties in maintaining compliance with applicable regulatory requirements.

Any problems in our CMOs' supply chain, manufacturing process or facilities could result in delays in planned clinical trials and increased costs, and could make us a less attractive collaborator for potential partners, including larger biotechnology companies and academic research institutions, which could limit access to additional attractive development programs. Problems in our manufacturing process could restrict our ability to meet potential future market demand for products.

We currently rely and expect to rely in the future on the use of third parties to manufacture our product candidates. Our business could be harmed if the third party manufacturers experience supply chain shortages, fail to provide us with sufficient quantities of our product candidates or fail to do so at acceptable quality levels or prices or deliver defective products.

We do not currently own any facility that may be used as our clinical-scale manufacturing and processing facility and must currently rely on outside vendors to manufacture our product candidates. We will need to negotiate and maintain contractual arrangements with these outside vendors for the supply of our product candidates and we

may not be able to do so on favorable terms. We have not yet caused our product candidates to be manufactured on a commercial scale and may not be able to do so for any of our product candidates.

Our anticipated reliance on a limited number of third-party manufacturers exposes us to a number of risks, including the following:

- we may be unable to identify manufacturers on acceptable terms or at all because the number of potential manufacturers is limited and the FDA must inspect any manufacturers for current cGMP compliance as part of our marketing application;
- a new manufacturer would have to be educated in, or develop substantially equivalent processes for, the production of our product candidates;
- a change in manufacturers or certain changes in manufacturing processes/procedures will require that we conduct a manufacturing comparability study to verify that any new manufacturer or manufacturing process/procedures will produce our product candidate according to the specifications previously submitted to the FDA or other regulatory authority, and such study may be unsuccessful;
- our third-party manufacturers might be unable to timely manufacture our product candidates or produce the quantity and quality required to meet our clinical and commercial needs, if any;
- contract manufacturers may not be able to execute our manufacturing procedures and other logistical support requirements appropriately;
- our future contract manufacturers may not perform as agreed, may not devote sufficient resources to our product candidates or may not remain in the contract manufacturing business for the time required to supply our clinical trials or to successfully produce, store, and distribute our products, if any;
- manufacturers are subject to ongoing periodic unannounced inspection by the FDA and corresponding state agencies to ensure strict compliance with cGMP and other government regulations and corresponding foreign standards and we have no control over third-party manufacturers' compliance with these regulations and standards;
- we may not own, or may have to share, the intellectual property rights to any improvements made by our third-party manufacturers in the manufacturing process for our product candidates;
- our third-party manufacturers could breach or terminate their agreements with us;
- raw materials and components used in the manufacturing process, particularly those for which we have no other source or supplier, may not be available or may not be suitable or acceptable for use due to material or component defects;
- our contract manufacturers and critical reagent suppliers may be subject to inclement weather, as well as natural or man-made disasters; and
- our contract manufacturers may have unacceptable or inconsistent product quality success rates and yields, and we have no direct control over our contract manufacturers' ability to maintain adequate quality control, quality assurance and qualified personnel.

Each of these risks could delay or prevent the completion of our clinical trials or the approval of any of our product candidates by the FDA, result in higher costs or adversely impact commercialization of our product candidates. In addition, we will rely on third parties to perform certain specification tests on our product candidates prior to delivery to patients. If these tests are not appropriately done and test data are not reliable, patients could be put at risk of serious harm and the FDA could place significant restrictions on our company until deficiencies are remedied. Moreover, because each of our Centessa Subsidiaries has a separate manufacturing process for their programs, we will not benefit from any synergies related to manufacturing costs. We may also face logistical problems in managing different CMOs and processes for all of our Centessa Subsidiaries.

Certain third parties upon whom we rely for the supply of the active pharmaceutical ingredient used in our product candidates are our sole source of supply, and the loss of any of these suppliers could significantly harm our business.

Certain of the third parties upon whom we rely for the supply of the active pharmaceutical ingredient used in our product candidates are our sole source of supply, and the loss of any of these suppliers could significantly harm our business. The active pharmaceutical ingredients (API) used in certain of our product candidates are supplied to us from single-source suppliers. Our ability to successfully develop our product candidates, and to ultimately supply our commercial products in quantities sufficient to meet the market demand, depends in part on our ability to obtain the API for these products in accordance with regulatory requirements and in sufficient quantities for clinical testing and commercialization. We do not currently have arrangements in place for a redundant or second-source supply of any such API in the event any of our current suppliers of such API cease their operations for any reason. We are also unable to predict how changing global economic conditions or potential global health concerns such as the COVID-19 pandemic will affect our third-party suppliers and manufacturers. Any negative impact of such matters on our third-party suppliers and manufacturers may also have an adverse impact on our results of operations or financial condition. For all of our product candidates, we intend to identify and qualify additional manufacturers to provide such API prior to submission of an NDA or BLA (as applicable) to the FDA and/or EMA, MHRA or other applicable regulatory bodies. We are not certain, however, that our single-source suppliers will be able to meet our demand for their products, either because of the nature of our agreements with those suppliers, our limited experience with those suppliers or our relative importance as a customer to those suppliers. It may be difficult for us to assess their ability to timely meet our demand in the future based on past performance. While our suppliers have generally met our demand for their products on a timely basis in the past, they may subordinate our needs in the future to their other customers. Establishing additional or replacement suppliers for the API used in our product candidates, if required, may not be accomplished quickly. If we are able to find a replacement supplier, such replacement supplier would need to be qualified and may require additional regulatory inspection or approval, which could result in further delay. While we seek to maintain adequate inventory of the API used in our product candidates, any interruption or delay in the supply of components or materials, or our inability to obtain such API from alternate sources at acceptable prices in a timely manner could impede, delay, limit or prevent our development efforts, which could harm our business, results of operations, financial condition and prospects.

If our third-party manufacturers use hazardous and biological materials in a manner that causes injury or violates applicable law, we may be liable for damages.

Our research and development activities involve the controlled use of potentially hazardous substances, including chemical and biological materials, by our third-party manufacturers. Our manufacturers are subject to federal, state and local laws and regulations in the United States governing the use, manufacture, storage, handling and disposal of medical and hazardous materials. Although we believe that our manufacturers' procedures for using, handling, storing and disposing of these materials comply with legally prescribed standards, we cannot completely eliminate the risk of contamination or injury resulting from medical or hazardous materials. As a result of any such contamination or injury, we may incur liability or local, city, state or federal authorities may curtail the use of these materials and interrupt our business operations. In the event of an accident, we could be held liable for damages or penalized with fines, and the liability could exceed our resources. We do not have any insurance for liabilities arising from medical or hazardous materials. Compliance with applicable environmental laws and regulations is expensive, and current or future environmental regulations may impair our research, development and production efforts, which could harm our business, prospects, financial condition or results of operations.

If we are unable to obtain licenses from third parties on commercially reasonable terms or fail to comply with our obligations under such agreements, our business could be harmed.

It may be necessary for us to use the patented or proprietary technology of third parties to commercialize our products, in which case we would be required to obtain a license from these third parties. If we are unable to license such technology, or if we are forced to license such technology, on unfavorable terms, our business could

be materially harmed. If we are unable to obtain a necessary license, we may be unable to develop or commercialize the affected product candidates, which could materially harm our business, and the third parties owning such intellectual property rights could seek either an injunction prohibiting our sales, or, with respect to our sales, an obligation on our part to pay royalties and/or other forms of compensation. Even if we are able to obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us.

If we fail to comply with our obligations under our license agreements, our counterparties may have the right to terminate these agreements, in which event we might not be able to develop, manufacture or market, or may be forced to cease developing, manufacturing or marketing, any product that is covered by these agreements or may face other penalties under such agreements. Such an occurrence could materially adversely affect the value of the product candidate being developed under any such agreement. Termination of these agreements or reduction or elimination of our rights under these agreements may result in our having to negotiate new or reinstated agreements with less favorable terms, cause us to lose our rights under these agreements, including our rights to important intellectual property or technology, or impede, delay or prohibit the further development or commercialization of one or more product candidates that rely on such agreements.

We or the third parties upon whom we depend may be adversely affected by earthquakes, outbreak of disease, or other natural disasters and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Earthquakes, outbreak of disease, or other natural disasters could severely disrupt our operations, and have a material adverse effect on our business, results of operations, financial condition 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 the manufacturing facilities of our third-party CMOs, 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. For example, in December 2019, an outbreak of a novel strain of coronavirus originated in Wuhan, China. See "—Business interruptions resulting from the COVID-19 outbreak or similar public health crises could cause a disruption of the development of our product candidates and adversely impact our business." In addition, two vaccines for the coronavirus were granted Emergency Use Authorization by the FDA in late 2020 and a third in February 2021, and more are likely to be authorized in the coming months. The resultant demand for vaccines and potential for manufacturing facilities and materials to be commandeered under the Defense Production Act of 1950, or equivalent foreign legislation, may make it more difficult to obtain materials or manufacturing slots for the products needed for our clinical trials, which could lead to delays in these trials. The disaster recovery and business continuity plans we have in place currently are limited and are unlikely to prove adequate 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, particularly when taken together with our lack of earthquake insurance, could have a material adverse effect on our business.

Risks Related to Our Intellectual Property

If we are unable to obtain and maintain sufficient patent and other intellectual property protection for our product candidates and technology or other product candidates that may be identified, or if the scope of the intellectual property protection obtained is not sufficiently broad, our competitors could develop and commercialize product candidates similar or identical to the product candidates, and our ability to successfully commercialize the product candidates and other product candidates that we may pursue may be impaired.

As is the case with other pharmaceutical and biopharmaceutical companies, our success depends in significant part on our ability and the ability of our licensors and collaborators to obtain, maintain, enforce and defend patents and other intellectual property rights with respect to our product candidates and technology and to operate our business without infringing, misappropriating, or otherwise violating the intellectual property rights of others. We have and expect to continue to maintain and expand our own patent estate. See "Business—Intellectual Property."

We have also licensed patent and other intellectual property rights to and from our partners. For more information, see "Business—License Agreements." Some of these licenses give us the right to prepare, file and prosecute patent applications and maintain and enforce patents we have licensed, whereas other licenses may not give us such rights. In some circumstances, we may not have the right to control the preparation, filing and prosecution of patent applications or to maintain the patents covering technology that we license to or from our partners, and we may have to rely on our partners to fulfill these responsibilities. Consequently, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. If our current or future licensors, licensees or collaborators fail to establish, maintain or protect such patents and other intellectual property rights, such rights may be reduced or eliminated. If our licensors, licensees or collaborators are not fully cooperative or disagree with us as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised.

The patent prosecution process is expensive and time-consuming. We and our current or future licensors, licensees or collaborators may not be able to prepare, file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we or our licensors will fail to file patent applications covering inventions made in the course of development and commercialization activities before a competitor or another third party files a patent application covering, or publishes information disclosing, a similar, independently-developed invention. Such competitor's patent application may pose obstacles to our ability to obtain or limit the scope of patent protection we may obtain. 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, 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. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we or our licensors were the first to make the inventions claimed in our owned or licensed patents or pending patent applications, or were the first to file for patent protection of such inventions, or if such licensed patents rights may otherwise become invalid.

The patent position of biotechnology and pharmaceutical companies generally is uncertain, involves complex legal and factual questions and is the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our and our current or future licensors' patent rights are uncertain. Our and our licensors' pending and future patent applications may not result in patents being issued that protect our technology or products, in whole or in part, or which effectively exclude others from commercializing competitive technologies and products. The patent examination process may require us or our licensors to narrow the scope of the claims of our pending and future patent applications, and therefore, even if such patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. Our and our licensors' patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until a patent issues from such applications, and then only to the extent the issued claims cover such technology. Any of the foregoing could harm our competitive position, business, financial condition, results of operations and prospects.

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

Our trademarks or trade names may be challenged, infringed, diluted, circumvented or declared generic or determined to be infringing on other marks. We intend to rely on both registration and common law protection for our trademarks. 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 need for name recognition by potential partners or customers in our markets of interest. During the trademark registration process, we may receive Office Actions from the United States Patent and Trademark Office (USPTO), objecting to the registration of our trademark. Although we would

be given an opportunity to respond to those objections, we may be unable to overcome such rejections. In addition, in the USPTO and in comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and/or to seek the cancellation of registered trademarks. Opposition or cancellation proceedings may be filed against our trademarks, and our trademarks may not survive such proceedings. If we are unable to obtain a registered trademark or establish name recognition based on our trademarks and trade names, we may not be able to compete effectively and our business may be adversely affected.

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

We rely on trade secrets and confidentiality agreements to protect our unpatented know-how, technology and other proprietary information and to maintain our competitive position. Trade secrets and know-how can be difficult to protect. We seek to protect these trade secrets and other proprietary technology, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, 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. We cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary technology and processes. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. These risks are heightened due to our reliance on third parties, including third party consultants, CROs and CMOs, for certain aspects of our business. The activities conducted by our third party vendors require us to share our trade secrets with them, which increases the possibility that a competitor will discover them or that our trade secrets will be misappropriated or disclosed. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor or other third party, our competitive position would be materially and adversely harmed.

Third-party claims of intellectual property infringement, misappropriation or other violations may be costly and time consuming and may prevent or delay our product discovery and development efforts.

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 effect on the success of our business. Our commercial success depends upon our ability to develop, manufacture, market and sell our current and future product candidates and use our proprietary technologies without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. There is a substantial amount of litigation involving patents and other intellectual property rights in the biotechnology and pharmaceutical industries, as well as administrative proceedings for challenging patents, including derivation, interference, reexamination, inter partes review, and post grant review proceedings before the USPTO or oppositions and other comparable proceedings in foreign jurisdictions. We or any of our future licensors or strategic partners may be party to, exposed to, or threatened with, future adversarial proceedings or litigation by third parties having patent or other intellectual property rights alleging that our current or future product candidates and/or proprietary technologies infringe, misappropriate or otherwise violate their intellectual property rights. Even if we believe third-party intellectual property claims are without merit, there is no assurance that a court would find in our favor on questions of infringement, validity, enforceability, or priority. With regard to our subsidiary Capella Bioscience, we are aware of issued patents in Europe owned by La Jolla Institute of Allergy and Immunology (the “La Jolla patents”) that are directed to a method of treatment with an inhibitor of LIGHT. The La Jolla patents could be construed to cover, and the owner of such patent may claim

that its patents do cover, certain product candidates and technologies, including Capella Bioscience's anti-LIGHT antibody in certain treatment indications in certain European jurisdictions. The La Jolla patents are expected to expire in 2028, without taking into account any possible patent term adjustments or extensions. The La Jolla patents are currently subject to an opposition proceeding at the EPO brought by European Oppositions Limited which may result in a narrowing of the patents scope or loss of rights under the patents or the patents may be upheld in their granted form. There can be no assurance that the challenge by European Oppositions Limited against the La Jolla patents, or other proceedings challenging the La Jolla patents, will be successful. Depending on the outcome of challenges to the La Jolla patents, Capella Bioscience's product launch in Europe, if a product is approved, may need to be delayed until after the expiry of the La Jolla patents.

We cannot assure you that our product candidates and other technologies that we have developed, are developing or may develop in the future do not or will not infringe, misappropriate or otherwise violate existing or future patents or other intellectual property rights owned by third parties. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we are developing our product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our product candidates may give rise to claims of infringement of the patent rights of others. Moreover, it is not always clear to industry participants, including us, which patents cover various types of drugs, products or their methods of use or manufacture. Thus, because of the large number of patents issued and patent applications filed in our fields, there may be a risk that third parties may allege they have patent rights encompassing our product candidates, technologies or methods.

If a third party claims that we infringe, misappropriate or otherwise violate its intellectual property rights, we may face a number of issues, including, but not limited to:

- infringement, misappropriation and other intellectual property claims which, regardless of merit, may be expensive and time-consuming to litigate and may divert our management's attention from our core business and may impact our reputation;
- substantial damages for infringement, misappropriation or other violations, which we may have to pay if a court decides that the product candidate or technology at issue infringes, misappropriates or violates the third party's rights, and, if the court finds that the infringement was willful, we could be ordered to pay treble damages and the patent owner's attorneys' fees;
- a court prohibiting us from developing, manufacturing, marketing or selling our product candidates, or from using our proprietary technologies, unless the third party licenses its product rights to us, which it is not required to do, on commercially reasonable terms or at all;
- if a license is available from a third party, we may have to pay substantial royalties, upfront fees and other amounts, and/or grant cross-licenses to intellectual property rights for our products, or the license to us may be non-exclusive, which would permit third parties to use the same intellectual property to compete with us;
- redesigning our product candidates or processes so they do not infringe, misappropriate or violate third party intellectual property rights, which may not be possible or may require substantial monetary expenditures and time; and
- there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and, if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our ADSs.

Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations or could otherwise have a material adverse effect on our business, results of operations, financial condition and prospects. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition, results of operations or prospects.

We may choose to challenge the patentability of claims in a third party's U.S. patent by requesting that the USPTO review the patent claims in an ex-parte re-exam, inter partes review or post-grant review proceedings. These proceedings are expensive and may consume our time or other resources. We may choose to challenge a third party's patent in patent opposition proceedings in the European Patent Office (EPO), or other foreign patent office. The costs of these opposition proceedings could be substantial, and may consume our time or other resources. If we fail to obtain a favorable result at the USPTO, EPO or other patent office then we may be exposed to litigation by a third party alleging that the patent may be infringed by our product candidates or proprietary technologies.

Third parties may assert that we are employing their proprietary technology without authorization. Patents issued in the United States by law enjoy a presumption of validity that can be rebutted only with evidence that is "clear and convincing," a heightened standard of proof. There may be issued third-party patents of which we are currently unaware with claims to compositions, formulations, methods of manufacture or methods for treatment related to the use or manufacture of our product candidates. Patent applications can take many years to issue. In addition, because some patent applications in the United States may be maintained in secrecy until the patents are issued, patent applications in the United States and many foreign jurisdictions are typically not published until 18 months after filing, and publications in the scientific literature often lag behind actual discoveries, we cannot be certain that others have not filed patent applications covering our product candidates or technology. If any such patent applications issue as patents, and if such patents have priority over our patent applications or patents we may own or in-license, we may be required to obtain rights to such patents owned by third parties which may not be available on commercially reasonable terms or at all, or may only be available on a non-exclusive basis. There may be currently pending patent applications which may later result in issued patents that our product candidates may infringe. It is also possible that patents owned by third parties of which we are aware, but which we do not believe are relevant to our product candidates or other technologies, could be found to be infringed by our product candidates or other technologies. In addition, third parties may obtain patents in the future and claim that use of our technologies infringes upon these patents. Moreover, we may fail to identify relevant patents or incorrectly conclude that a patent is invalid, not enforceable, exhausted, or not infringed by our activities. If any third-party patents were held by a court of competent jurisdiction to cover the manufacturing process of our product candidates, molecules used in or formed during the manufacturing process, or any final product itself, the holders of any such patents may be able to block our ability to commercialize the product candidate unless we obtained a license under the applicable patents, or until such patents expire or they are finally determined to be held invalid or unenforceable. Similarly, if any third-party patent were held by a court of competent jurisdiction to cover aspects of our formulations, processes for manufacture or methods of use, including combination therapy or patient selection methods, the holders of any such patent may be able to block our ability to develop and commercialize the product candidate unless we obtained a license or until such patent expires or is finally determined to be held invalid or unenforceable. In either case, such a license may not be available on commercially reasonable terms or at all. If we are unable to obtain a necessary license to a third-party patent on commercially reasonable terms, or at all, our ability to commercialize our product candidates may be impaired or delayed, which could in turn significantly harm our business. Even if we obtain a license, it may be nonexclusive, thereby giving our competitors access to the same technologies licensed to us. In addition, if the breadth or strength of protection provided by our patent applications or any patents we may own or in-license in the future is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates.

Parties making claims against us may seek and obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize our product candidates. Defense of these claims, regardless of their merit, could involve substantial litigation expense and would be a substantial diversion of employee resources from our business. In the event of a successful claim of infringement, misappropriation or other violation against us, we may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, obtain one or more licenses from third parties, pay royalties or redesign our infringing products, which may be impossible or require substantial time and monetary expenditure. We cannot predict whether any such license would be available at all or whether it would be available on commercially reasonable terms. Furthermore, even in the absence of litigation, we may need or may choose to obtain licenses from third

parties to advance our research or allow commercialization of our product candidates. We may fail to obtain any of these licenses at a reasonable cost or on reasonable terms, if at all. In that event, we would be unable to further develop and commercialize our product candidates, which could harm our business significantly.

We may become involved in lawsuits to protect or enforce our patents or other intellectual property, which could be expensive, time-consuming and unsuccessful, and issued patents covering our technology and product candidates could be found invalid or unenforceable if challenged.

Competitors and other third parties may infringe or otherwise violate our issued patents or other intellectual property or the patents or other intellectual property of our licensors. In addition, our patents or the patents of our licensors may become involved in inventorship or priority disputes. Our pending patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until a patent issues from such applications. To counter infringement or other unauthorized use, we may be required to file infringement claims, which can be expensive and time-consuming. Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringe their patents or that our patents or our licensed patents are invalid or unenforceable. In a patent infringement proceeding, a court may decide that a patent of ours or a licensed patent is invalid or unenforceable, in whole or in part, construe the patent's claims narrowly or refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology. An adverse result in any litigation proceeding could put one or more of our owned or licensed patents at risk of being invalidated, held unenforceable or interpreted narrowly. We may find it impractical or undesirable to enforce our intellectual property against some third parties.

If we were to initiate legal proceedings against a third party to enforce a patent directed to our product candidates, or one of our future product candidates, the defendant could counterclaim that our 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, including lack of novelty, obviousness, non-enablement or insufficient written description. 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. Third parties may also raise similar claims before the USPTO or an equivalent foreign body, even outside the context of litigation. Potential proceedings include re-examination, post-grant review, inter partes review, interference proceedings, derivation proceedings and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). Such proceedings could result in the revocation of, cancellation of, or amendment to our patents in such a way that they no longer cover our technology or any product candidates that we may develop. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on the applicable product candidates or technology covered by the patent rendered invalid or unenforceable. Such a loss of patent protection would materially harm our business, financial condition, results of operations and prospects.

Interference proceedings provoked by third parties or brought by us or declared by the USPTO may be necessary to determine the priority of inventions with respect to our patents or patent applications. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be materially harmed if the prevailing party does not offer us a license on commercially reasonable terms.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

Our competitors maybe larger than we are and may have substantially greater resources. They are, therefore, likely to be able to sustain the costs of complex patent litigation or proceedings more effectively

than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property. Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims could result in substantial costs and diversion of management resources, which could harm our business. In addition, the uncertainties associated with litigation could compromise our ability to raise the funds necessary to continue our clinical trials, continue our internal research programs, or in-license needed technology or other product candidates. There could also be public announcements of the results of the hearing, motions, or other interim proceedings or developments. If securities analysts or investors perceive those results to be negative, it could cause the price of shares of our ADSs to decline. Any of the foregoing events could harm our business, financial condition, results of operation and prospects.

Intellectual property litigation could cause us to spend substantial resources and distract our personnel from their normal responsibilities.

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses, and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our ADSs. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could compromise our ability to compete in the marketplace, including compromising our ability to raise the funds necessary to continue our clinical trials, continue our research programs, license necessary technology from third parties, or enter into development collaborations that would help us commercialize our product candidates, if approved. Any of the foregoing events would harm our business, financial condition, results of operations and prospects.

The patent protection we obtain for our product candidates and technology may be challenged or not sufficient enough to provide us with any competitive advantage.

Even if our owned or licensed patent applications issue as patents, the issuance of any such patents is not conclusive as to their inventorship, scope, validity, or enforceability, and such patents may be challenged, invalidated or held to be unenforceable, including in the courts or patent offices in the United States and abroad, or circumvented. We may be subject to a third party preissuance submission of prior art to the USPTO, or equivalent foreign bodies, or become involved in opposition, derivation, revocation, re-examination, post-grant and inter partes review, or interference proceedings challenging our patent rights or the patent rights of others.

Currently, one of our in-licensed European patents related to Morphogen's MGX292 is involved in a European opposition proceeding at the EPO. While we and the licensor are defending against this opposition, there is a risk that one or more of the grounds raised by the opponents will invalidate one or more of the granted claims or require an amendment of the claims in a way that does not cover our product candidates. This may prevent us from asserting this patent against our competitors marketing otherwise infringing products in relevant European countries where this patent has been granted.

An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights. Moreover, we, or one of our licensors, may have to participate in interference proceedings declared by the USPTO to determine priority of invention or in post-grant challenge

proceedings, such as oppositions in a foreign patent office, that challenge priority of invention or other features of patentability. Such proceedings and any other patent challenges may result in loss of patent rights, loss of exclusivity, loss of priority, or in patent claims being narrowed, invalidated, or held unenforceable, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and product candidates. Such proceedings also may result in substantial cost and require significant time from our scientists and management, even if the eventual outcome is favorable to us. Any of the foregoing could harm our business, financial condition, results of operations and prospects.

Furthermore, given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolios may not provide us with adequate protection against third parties seeking to commercialize products similar or identical to ours. We expect to request extensions of patent terms to the extent available in countries where we obtain issued patents. 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 expiration of the patent. However, there are no assurances that the FDA or any comparable foreign regulatory authority or national patent office will grant such extensions, in whole or in part. In such case, our competitors may launch their products earlier than might otherwise be anticipated. Moreover, some of our owned or in-licensed patents and patent applications are, and may in the future be, co-owned with third parties. If we are unable to obtain an exclusive license to any such co-owners' interest in such 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. In addition, we may need the cooperation of any such co-owners in order to enforce such patents against third parties, and such cooperation may not be provided to us.

In addition, our owned and in-licensed patents may be subject to a reservation of rights by the licensor, its affiliates and one or more third parties. 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 noncommercial purposes. These rights may permit the government to disclose our confidential information to third parties or allow third parties to use our licensed technology. The government can also 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 of the foregoing could harm our competitive position, business, financial condition, results of operations and prospects.

We may be subject to claims by third parties asserting that we or our employees have infringed upon, misappropriated or otherwise violated their intellectual property rights, or claiming ownership of what we regard as our own intellectual property.

Many of our employees were previously employed at other biotechnology or pharmaceutical companies. Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's former employer. Litigation may be necessary to defend against these claims.

In addition, we or our licensors may be subject to claims that former employees, collaborators, or other third parties have an interest in our owned or in-licensed patents or other intellectual property as an inventor or co-inventor. While it is our policy to require our employees and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we

regard as our own. Our and their assignment agreements may not be self-executing or may be breached, and we may be forced to bring claims against third parties, or defend claims they may bring against us, to determine the ownership of what we regard as our intellectual property.

If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs, delay development of our product candidates and be a distraction to management. Any of the foregoing events would harm our business, financial condition, results of operations and prospects.

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

Filing, prosecuting, maintaining, defending and enforcing patents on our product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own drugs and may export otherwise infringing drugs to territories where we have patent protection, but enforcement rights are not as strong as those in the United States. These drugs may compete with our product candidates and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of some countries do not favor the enforcement of patents and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful.

Many countries, including major European Union countries, India, Japan and China, have compulsory licensing laws under which a patent owner may be compelled under specified circumstances to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In those countries, we may have limited remedies if patents are infringed or if we are compelled to grant a license to a third party, which could materially diminish the value of those patents. This could limit our potential revenue opportunities. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license, which could adversely affect our business, financial condition, results of operations and prospects.

A number of our programs and associated product candidates are heavily dependent on licensed intellectual property. If we were to lose our rights to licensed intellectual property, we may not be able to continue developing or commercializing our product candidates, if approved. If we breach any of the agreements under which we license the use, development and commercialization rights to our product candidates or technology from third parties or, in certain cases, we fail to meet certain development deadlines, we could lose license rights that are important to our business.

We are heavily reliant upon licenses to certain patent rights and other intellectual property from third parties that are important or necessary to the development of our product candidates. See “Business—License Agreements.” We may also need to obtain additional licenses to advance the development and commercialization of other

product candidates we may develop. We expect that future license agreements will impose upon us, various development, regulatory and or commercial diligence obligations, payment of milestones and/or royalties and other obligations. If we fail to comply with our obligations under these agreements, or we are subject to a bankruptcy-related event, the licensor may have the right to terminate the license, in which event we would not be able to develop, market or otherwise commercialize products covered by the license, and in some instances, may be also obligated to transfer back to licensor our developments related to the licensed product and associated regulatory rights. Our business could suffer, for example, if any current or future licenses terminate, if the licensors fail to abide by the terms of the license, if the licensed patents or other rights are found to be invalid or unenforceable, or if we are unable to enter into necessary licenses on acceptable terms.

Licensing of intellectual property is of critical importance to our business and involves complex legal, business and scientific issues and certain provisions in intellectual property license agreements may be susceptible to multiple interpretations. Disputes may arise between us and our licensors regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether and the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- our right to transfer, assign, or sublicense patent and other rights to third parties;
- our diligence obligations with respect to the use of the licensed technology in relation to our development and commercialization of our product candidates, and what activities satisfy those diligence obligations;
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners;
- our right to transfer or assign the license;
- the ability and effects of termination; and
- restrictive covenants that may restrict our abilities to compete or market competing products.

The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could harm our business, financial condition, results of operations and prospects. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates.

We may enter into additional licenses to third-party intellectual property that are necessary or useful to our business. Our current licenses and any future licenses that we may enter into impose various fees, royalty payment, milestone and other obligations on us. Under some license agreements, we may not control prosecution of the licensed intellectual property, or may not have the first right to enforce the intellectual property. In those cases, we may not be able to adequately influence patent prosecution or enforcement, or prevent inadvertent lapses of coverage due to failure to pay maintenance fees. If we fail to comply with any of our obligations under a current or future license agreement, the licensor may allege that we have breached our license agreement, and may accordingly seek to terminate our license. Termination of any of our current or future licenses could result in our loss of the right to use the licensed intellectual property, which could materially adversely affect our ability to develop and commercialize a product candidate or product, if approved, as well as harm our competitive business position and our business prospects. Under some license agreements, termination may also result in the transfer or granting of rights under certain of our intellectual property and information related to the product candidate being developed under the license, such as regulatory information.

In addition, if our licensors fail to abide by the terms of the license, if the licensors fail to prevent infringement by third parties, if the licensed patents or other rights are found to be invalid or unenforceable, or if we are unable to enter into necessary licenses on acceptable terms, our business, competitive position, financial condition, results of operations and prospects could be materially harmed.

Patent terms may be inadequate to protect our competitive position on our product candidates for an adequate amount of time. If we are not able to obtain patent term extension or non-patent exclusivity in the United States under the Hatch-Waxman Act and in foreign countries under similar legislation, thereby potentially extending the marketing exclusivity term of our product candidates, our business may be materially harmed.

Patents have a limited lifespan. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. non-provisional filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our product candidates are obtained, once the patent life has expired for a product candidate, we may be open to competition from competitive medications, including generic medications. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing product candidates similar or identical to ours.

For instance, for our subsidiary, Pega-One SAS, in-licensed patents and patent applications directed to imgatuzumab and uses thereof are expected to expire between 2026 and 2028, which do not include any possible patent term extension. Our in-licensed patents may expire before, or soon after, our first product achieves marketing approval in the United States or foreign jurisdictions. Upon the expiration of our current patents, we may lose the right to exclude others from practicing these inventions. The expiration of these patents could also have a similar material adverse effect on our business, financial condition, prospects and results of operations.

For our subsidiary, Palladio Biosciences, the earliest in-licensed patents directed to composition of matter of lixivaptan and certain methods of use related to lixivaptan have expired. The expiration of these patents could have a material adverse effect on our business, financial condition, prospects and results of operations. We own pending patent applications directed to methods of treatment with lixivaptan that, if issued as patents, are expected to expire in 2038, without taking into account any possible patent term adjustments or extensions. However, we cannot be assured that the USPTO or relevant foreign patent offices will grant any of these patent applications.

With respect to Pega-One, we intend to utilize new preclinical, clinical and combination proprietary data to expand the product-specific patents estate. Additionally, with respect to our biologics products, we hope to take advantage of enhanced regulatory exclusivity periods, such as the 12 years of regulatory exclusivity available to biologics manufacturers under the Biologics Competition and Innovation Act of 2009. However, despite these measures, we may still lose the right the exclude others from practicing these inventions, which may negatively impact our business.

Depending upon the timing, duration and conditions of any FDA marketing approval of our product candidates, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments, and similar legislation in the European Union. The Hatch-Waxman Amendments permit a patent term extension of up to five years for a patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. However, we may not receive an extension if we fail to exercise due diligence during the testing phase or regulatory review process, fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. Only one patent per approved product can be extended, the extension cannot extend the total

patent term beyond 14 years from approval and only those claims covering the approved drug, a method for using it or a method for manufacturing it may be extended. If we are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for the applicable product candidate will be shortened and our competitors may obtain approval to market competing products sooner. As a result, our revenue from applicable products could be reduced. Further, if this occurs, our competitors may take advantage of our investment in development and trials by referencing our clinical and preclinical data and launch their product earlier than might otherwise be the case, and our competitive position, business, financial condition, results of operations and prospects could be materially harmed.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

Obtaining and enforcing patents in the pharmaceutical industry is inherently uncertain, due in part to ongoing changes in the patent laws. Depending on decisions by Congress, the federal courts, and the USPTO, the laws and regulations governing patents, and interpretation thereof, could change in unpredictable ways that could weaken our and our licensors' or collaborators' ability to obtain new patents or to enforce existing or future patents. For example, the Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. Therefore, there is increased uncertainty with regard to our and our licensors' or collaborators' ability to obtain patents in the future, as well as uncertainty with respect to the value of patents once obtained.

Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our and our licensors' or collaborators' patent applications and the enforcement or defense of our or our licensors' or collaborators' issued patents. Assuming that other requirements for patentability are met, prior to March 2013, in the United States, the first to invent the claimed invention was entitled to the patent, while outside the United States, the first to file a patent application was entitled to the patent. After March 2013, under the Leahy-Smith America Invents Act (the Leahy-Smith Act), enacted in September 2011, the United States transitioned to a first inventor to file system in which, assuming that other requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the claimed invention. The Leahy-Smith Act also includes a number of significant changes that affect the way patent applications are prosecuted and may also affect patent litigation. These include allowing third party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO-administered post-grant proceedings, including post-grant review, inter partes review and derivation proceedings. The USPTO recently developed new 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, particularly the first inventor-to-file provisions. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our or our licensors' patent applications and the enforcement or defense of our or our licensors' issued patents, all of which could harm our business, financial condition, results of operations and prospects.

Intellectual property rights do not necessarily address all potential threats.

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 or permit us to maintain our competitive advantage. For example:

- others may be able to make products that are similar to any product candidates we may develop or utilize similar technology but that are not covered by the claims of the patents that we license or may own in the future;
- we, or our current or future licensors might not have been the first to make the inventions covered by the issued patent or pending patent application that we license or may own in the future;

- we, or our current or future licensors might not have been the first to file patent applications covering certain of our or their inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our owned or licensed intellectual property rights;
- it is possible that our pending owned or licensed patent applications or those that we may own or license in the future will not lead to issued patents;
- issued patents that we hold rights to may be held invalid or unenforceable, including as a result of legal challenges by our competitors;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable;
- the patents of others may harm our business; and
- 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 intellectual property.

Should any of these events occur, they could harm our business, financial condition, results of operations and prospects.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental 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 governmental fees on patents and/or applications will be due to be paid to the USPTO and various governmental patent agencies outside of the United States in several stages over the lifetime of the patents and/or applications. We have systems in place to remind us to pay these fees, and we employ an outside firm and rely on our outside counsel to pay these fees due to non-U.S. patent agencies. The USPTO and various non-U.S. governmental patent agencies require compliance with a number of 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, and 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. However, there are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, our competitors might be able to enter the market and this circumstance would have a material adverse effect on our business.

We engage a number of consultants employed by academic institutions in jurisdictions that contain inventorship laws mandating that any inventions developed by such consultants whilst performing consultancy services automatically or otherwise shall reside in the employing institution and granting such institutions the first right to develop and/or commercialize such inventions. We may not be able to secure rights (whether through ownership or license interest) in inventions developed by such consultants during performance of consulting services for our companies.

We enter into confidentiality and intellectual property assignment agreements with our employees, consultants, outside scientific collaborators, sponsored researchers and other advisors. These agreements generally provide that inventions conceived by the party in the course of rendering services to us will be our exclusive property. However, these agreements may not be honored and may not effectively assign intellectual property rights to us. For example, even if we have a consulting agreement in place with an academic advisor pursuant to which such academic advisor is required to assign any inventions developed in connection with providing services to us, such academic advisor may not have the right to assign such inventions to us, as it may conflict with his or her obligations to assign their intellectual property to his or her employing institution.

Despite our undertaking of the measures listed above, we are subject to claims challenging the inventorship or ownership of our patents and other intellectual property and may be subject to further claims in the future. For example, our subsidiary PearlRiver Bio has entered into consulting arrangements with a number of its founders and other investigators who, in each case, are employed by or affiliated with certain universities in Germany. The consulting arrangements provide that in the event such consultants invent during the course of performing activities for PearlRiver Bio, such invention shall nonetheless be owned by the employing university and the employing university would be entitled to commercialize the invention. In order for PearlRiver Bio to gain access to such invention, it would need to negotiate and enter into a licensing arrangement with the employing university. There can be no assurances that PearlRiver Bio would be successful in such negotiations or that a license would be obtained on favorable terms. Litigation may be necessary to defend against these and other claims challenging inventorship or ownership. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Certain of our employees and inventions are subject to German law.

Certain of our personnel work in Germany and are subject to German employment law. Inventions which may be the subject of a patent or of protection as a utility model and which are or were made by personnel working in Germany (except for legal representatives of our respective legal entities, for example managing directors) are subject to the provisions of the German Act on Employees' Inventions (Gesetz über Arbeitnehmererfindungen), or the German Inventions Act, which regulates the ownership of, and compensation for, inventions made by employees. We face the risk that disputes may occur between us and our current or past employees pertaining to the sufficiency of compensation paid by us, allocation of rights to inventions under this act or alleged non-adherence to the provisions of this act, any of which may be costly to resolve and take up our management's time and efforts whether we prevail or fail in such dispute. Even if we lawfully own all inventions created by our employees who are subject to the German Inventions Act, we are required under German law to reasonably compensate such employees for the use of the inventions and intellectual property rights related thereto. If we are required to pay compensation or face other disputes under the German Inventions Act, our results of operations could be adversely affected. Legal representatives of legal entities, for example managing directors, whose contractual relationships with the respective entity are subject to German law and that are not subject to the German Inventions Act as well as consultants must assign and transfer their interest in inventions and/or patents they invent or co-invent to us in order for us to have any rights to such inventions or patents.

There can be no assurance that all such assignments are fully effective, which may lead to unexpected costs or economic disadvantages and may harm our business, prospects, financial condition and results of operations. If any of our current or past employees, legal representatives of our legal entities or consultants obtain or retain ownership or co-ownership of any inventions or related intellectual property rights that we believe we own, we may lose valuable intellectual property rights and be required to obtain and maintain licenses from such employees or legal representatives of legal entities or consultants to such inventions or intellectual property rights, which may not be available on commercially reasonable terms or at all, or may be non-exclusive. If we are unable to obtain and maintain a license to any such employee's, legal representative's of legal entities or consultant's interest in such inventions or intellectual property rights, we may need to cease the development, manufacture, and commercialization of one or more of the products or solutions we may develop or may have developed. In addition, any loss of exclusivity of our intellectual property rights could limit our ability to stop others from using or commercializing similar or identical products and solutions. Any of the foregoing events could have a material adverse effect on our business, financial condition, prospects and results of operations.

Risks Related to Commercialization

We have never commercialized a product candidate and we may lack the necessary expertise, personnel and resources to successfully commercialize any of our products that receive regulatory approval on our own or together with collaborators.

We have never commercialized a product candidate. Our operations to date have been limited to organizing and staffing our company, business planning, raising capital, acquiring the rights to our product candidates and undertaking preclinical studies and clinical trials of our product candidates. We currently have no sales force, marketing or distribution capabilities. To achieve commercial success of our product candidates, if any are approved, we will have to develop our own sales, marketing and supply capabilities or outsource these activities to a third party.

Factors that may affect our ability to commercialize our product candidates on our own include recruiting and retaining adequate numbers of effective sales and marketing personnel, obtaining access to or persuading adequate numbers of physicians to prescribe our product candidates and other unforeseen costs associated with creating an independent sales and marketing organization. Developing a sales and marketing organization requires significant investment, is time-consuming and could delay the launch of our product candidates. We may not be able to build an effective sales and marketing organization in the United States, the European Union, the United Kingdom or other key global markets. If we are unable to build our own distribution and marketing capabilities or to find suitable partners for the commercialization of our product candidates, we may have difficulties generating revenue from them.

The commercial success of any of our product candidates will depend upon its degree of market acceptance by physicians, patients, third-party payors and others in the medical community.

Ethical, social and legal concerns about our product candidates could result in additional regulations restricting or prohibiting our products. Even with the requisite approvals from the FDA in the United States, the European Commission (on the recommendation of the EMA) in the European Economic Area, the MHRA in the United Kingdom and other regulatory authorities internationally, the commercial success of our product candidates will depend, in part, on the acceptance of physicians, patients and health care payors of our product candidates as medically necessary, cost-effective and safe. Any product that we commercialize may not gain acceptance by physicians, patients, health care payors and others in the medical community. If these products do not achieve an adequate level of acceptance, we may not generate significant product revenue and may not become profitable. The degree of market acceptance of our product candidates, if approved for commercial sale, will depend on several factors, including:

- the efficacy and safety of such product candidates as demonstrated in clinical trials;
- the potential and perceived advantages of product candidates over alternative treatments;
- the cost of treatment relative to alternative treatments;
- the clinical indications for which the product candidate is approved by FDA, the EMA or the MHRA;
- patient awareness of, and willingness to seek, genotyping;
- the willingness of physicians to prescribe new therapies;
- the willingness of the target patient population to try new therapies;
- the prevalence and severity of any side effects;
- product labeling or product insert requirements of FDA, EMA, MHRA or other regulatory authorities, including any limitations or warnings contained in a product's approved labeling;
- relative convenience and ease of administration;

- the strength of marketing and distribution support;
- the timing of market introduction of competitive products;
- publicity concerning our products or competing products and treatments; and
- sufficient third-party payor coverage and reimbursement.

Even if a potential product displays a favorable efficacy and safety profile in preclinical studies and clinical trials, market acceptance of the product will not be fully known until after it is launched.

If the market opportunities for our product candidates are smaller than we believe they are, it may not be financially viable to commercialize, and if we do commercialize, our product revenues for any therapies that are approved for commercial sale may be adversely affected and our business may suffer.

We focus our research and product development on treatments for various diseases. Our understanding of both the number of people who have these diseases, as well as the subset of people with these diseases who have the potential to benefit from treatment with our product candidates, are based on estimates. These estimates may prove to be incorrect and new studies may reduce the estimated incidence or prevalence of these diseases. The number of patients in the United States, the European Union, the United Kingdom and elsewhere may turn out to be lower than expected, may not be otherwise amenable to treatment with our products or patients may become increasingly difficult to identify and access, all of which would adversely affect our business, financial condition, results of operations and prospects.

Further, there are several factors that could contribute to making the actual number of patients who receive our potential products less than the potentially addressable market. These include the lack of widespread availability of, and limited reimbursement for, new products or therapies in many underdeveloped markets.

If we are unable to establish sales, medical affairs and marketing capabilities or enter into agreements with third parties to market and sell our product candidates, we may be unable to generate any product revenue.

We currently have no sales and marketing organization. To successfully commercialize any products that may result from our development programs, we will need to develop these capabilities, either on our own or with others. The establishment and development of our own commercial team or the establishment of a contract sales force to market any products we may develop will be expensive and time-consuming and could delay any product launch. Moreover, we cannot be certain that we will be able to successfully develop this capability. We may enter into collaborations regarding our product candidates with entities to utilize their established marketing and distribution capabilities, but we may be unable to enter into such agreements on favorable terms, if at all. If any current or future collaborators do not commit sufficient resources to commercialize our products, or we are unable to develop the necessary capabilities on our own, we will be unable to generate sufficient product revenue to sustain our business. We compete with many companies that currently have extensive, experienced and well-funded medical affairs, marketing and sales operations to recruit, hire, train and retain marketing and sales personnel. We also face competition in our search for third parties to assist us with the sales and marketing efforts of our product candidates. Without an internal team or the support of a third party to perform marketing and sales functions, we may be unable to compete successfully against these more established companies.

Our efforts to educate the medical community and third-party payors on the benefits of our product candidates may require significant resources and may never be successful. Such efforts may require more resources than are typically required due to the complexity and uniqueness of our potential products. If any of our product candidates is approved but fails to achieve market acceptance among physicians, patients or third-party payors, we will not be able to generate significant revenues from such product, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

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, several legislative initiatives to contain healthcare costs. For example, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (ACA), was passed, which substantially changes the way health care is financed by both the government and private insurers, and significantly impacts the U.S. pharmaceutical industry. The ACA, among other things: (i) addresses 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; (ii) increases the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extends the rebate program to individuals enrolled in Medicaid managed care organizations; (iii) establishes annual fees and taxes on manufacturers of certain branded prescription drugs; (iv) expands the availability of lower pricing under the 340B drug pricing program by adding new entities to the program; and (v) establishes a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% (increased to 70% pursuant to the Bipartisan Budget Act of 2018, effective 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. Additionally, in the United States, the Biologics Price Competition and Innovation Act of 2009 created an abbreviated approval pathway for biologic products that are demonstrated to be "highly similar" or "biosimilar or interchangeable" with an FDA-approved biologic product. This new pathway could allow competitors to reference data from biologic products already approved after 12 years from the time of approval. This could expose us to potential competition by lower-cost biosimilars even if we commercialize a product candidate faster than our competitors.

Additional changes that may affect our business include those governing enrollment in federal healthcare programs, reimbursement changes, rules regarding prescription drug benefits under the health insurance exchanges and fraud and abuse and enforcement. Continued implementation of the ACA and the passage of additional laws and regulations may result in the expansion of new programs such as Medicare payment for performance initiatives, and may impact existing government healthcare programs, such as by improving the physician quality reporting system and feedback program.

For each state that does not choose to expand its Medicaid program, there likely will be fewer insured patients overall, which could impact the sales, business and financial condition of manufacturers of branded prescription drugs. Where patients receive insurance coverage under any of the new options made available through the ACA, the possibility exists that manufacturers may be required to pay Medicaid rebates on that resulting drug utilization, a decision that could impact manufacturer revenues. The U.S. federal government also has announced delays in the implementation of key provisions of the ACA. The implications of these delays for our and our partners' business and financial condition, if any, are not yet clear.

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 product candidates or additional pricing pressures.

Enacted and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and affect the prices we may charge for such product candidates.

The United States and many foreign jurisdictions have enacted or proposed legislative and regulatory changes affecting the healthcare system that could prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell any product for which we obtain marketing approval.

In March 2010, the ACA was enacted, which includes measures that have significantly changed the way health care is financed by both governmental and private insurers. There have been executive, judicial and

congressional challenges to certain aspects of the ACA. For example, in January 2017, then-President Trump signed an Executive Order directing federal agencies with authorities and responsibilities under the ACA to waive, defer, grant exemptions from, or delay the implementation of any provision of the ACA that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. Further, various portions of the ACA are currently undergoing legal and constitutional challenges in the United States Supreme Court. It is unclear how the Supreme Court ruling, other such litigation, and the healthcare reform measures of the Biden administration will impact the ACA and our business.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. For example, in August 2011, then-President Obama signed into law the Budget Control Act of 2011, which, among other things, created the Joint Select Committee on Deficit Reduction to recommend to Congress proposals in spending reductions. The Joint Select Committee on Deficit Reduction did not achieve a targeted deficit reduction, which triggered the legislation's automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of, on average, 2% per fiscal year, and, due to subsequent legislative amendments, will remain in effect through 2030 unless Congress takes additional action. Pursuant to the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, as well as subsequent legislation, these reductions have been suspended from May 1, 2020 through March 31, 2021 due to the COVID-19 pandemic. Proposed legislation, if passed, would extend this suspension until the end of the pandemic. Recently, there has been increasing legislative and enforcement interest in the United States with respect to specialty drug pricing practices. Specifically, there have been several recent U.S. congressional inquiries and proposed bills designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs and reform government program reimbursement methodologies for drugs. The probability of success of any previously announced policies under the former Trump administration and their impact on the United States prescription drug marketplace is unknown, particularly in light of the new Biden administration.

The former Trump administration's budget proposal for fiscal year 2021 included a $135 billion allowance to support legislative proposals seeking to reduce drug prices, increase competition, lower out-of-pocket drug costs for patients, and increase patient access to lower-cost generic and biosimilar drugs. On March 10, 2020, the former Trump administration sent "principles" for drug pricing to Congress, calling for legislation that would, among other things, cap Medicare Part D beneficiary out-of-pocket pharmacy expenses, provide an option to cap Medicare Part D beneficiary monthly out-of-pocket expenses, and place limits on pharmaceutical price increases. Further, the former Trump administration also previously 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. The U.S. Department of Health and Human Services (HHS), has already started the process of soliciting feedback on some of these measures from the former administration and, at the same time, is immediately implementing others under its existing authority. For example, in May 2019, the Centers for Medicare & Medicaid Services (CMS) issued a final rule to allow Medicare Advantage Plans the option of using step therapy for Part B drugs beginning January 1, 2020. However, it is unclear whether the Biden administration will challenge, reverse, revoke or otherwise modify these executive and administrative actions.

In addition, there have been several changes to the 340B drug pricing program, which imposes ceilings on prices that drug manufacturers can charge for medications sold to certain health care facilities. On December 27, 2018, the District Court for the District of Columbia invalidated a reimbursement formula change under the 340B drug pricing program, and CMS subsequently altered the FYs 2019 and 2018 reimbursement formula on specified covered outpatient drugs (SCODs). The court ruled this change was not an "adjustment" which was within the Secretary's discretion to make but was instead a fundamental change in the reimbursement calculation. However, more recently, on July 31, 2020, the U.S. Court of Appeals for the District of Columbia Circuit overturned the district court's decision and found that the changes were within the Secretary's authority. On September 14, 2020, the plaintiffs-appellees filed a Petition for Rehearing En Banc (i.e., before the full court), but was denied

on October 16, 2020. Plaintiffs-appellees filed a petition for a writ of certiorari at the Supreme Court on February 10, 2021. It is unclear how these developments could affect covered hospitals who might purchase our future products and affect the rates we may charge such facilities for our approved products in the future, if any.

At the federal level, Trump administration used several means to propose or implement drug pricing reform, including through federal budget proposals, executive orders and policy initiatives. On July 24, 2020 and September 13, 2020, former President Trump announced several executive orders related to prescription drug pricing that seek to implement several of the administration's proposals. In response, the FDA released a final rule on September 24, 2020, which went into effect on November 30, 2020, providing guidance for states to build and submit importation plans for drugs from Canada. Further, on November 20, 2020 CMS issued an Interim Final Rule implementing the Most Favored Nation (MFN), Model under which Medicare Part B reimbursement rates will be calculated for certain drugs and biologicals based on the lowest price drug manufacturers receive in Organization for Economic Cooperation and Development countries with a similar gross domestic product per capita. The MFN Model regulations mandate participation by identified Part B providers and would have applied to all U.S. states and territories for a seven-year period beginning January 1, 2021, and ending December 31, 2027. However, in response to a lawsuit filed by several industry groups, on December 28, the U.S. District Court for the Northern District of California issued a nationwide preliminary injunction enjoining government defendants from implementing the MFN Rule pending completion of notice-and-comment procedures under the Administrative Procedure Act. On January 13, 2021, in a separate lawsuit brought by industry groups in the U.S. District of Maryland, the government defendants entered a joint motion to stay litigation on the condition that the government would not appeal the preliminary injunction granted in the U.S. District Court for the Northern District of California and that performance for any final regulation stemming from the MFN Interim Final Rule shall not commence earlier than 60 days after publication of that regulation in the Federal Register. The Interim Final Rule has not been finalized and is subject to revision and challenge.

Additionally, on November 20, 2020, HHS finalized a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The implementation of the rule has been delayed by the Biden administration from January 1, 2022 to January 1, 2023 in response to ongoing litigation. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers, the implementation of which have also been delayed pending review by the Biden administration until March 22, 2021. Although a number of these and other proposed measures may require authorization through additional legislation to become effective, and the Biden administration may reverse or otherwise change these measures, Congress has indicated that it will continue to seek new legislative measures to control drug costs.

At the state level, individual states are increasingly aggressive in passing legislation and implementing 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. Further, on May 30, 2018, the Right to Try Act, was signed into law. The law, among other things, provides a federal framework for certain patients to access certain investigational new drug products that have completed a Phase 1 clinical trial and that are undergoing investigation for FDA approval. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA permission under the FDA expanded access program. There is no obligation for a pharmaceutical manufacturer to make its drug products available to eligible patients as a result of the Right to Try Act.

We expect that the healthcare reform measures that have been adopted and may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved product and could seriously harm our future revenues. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or commercialize our products.

The insurance coverage and reimbursement status of newly-approved products is uncertain. Failure to obtain or maintain adequate coverage and reimbursement for our products, if approved, could limit our ability to market those products and decrease our ability to generate product revenue.

We expect the cost of our product candidates and programs, to be substantial, when and if they achieve regulatory approval. We expect that coverage and reimbursement by government and private payors will be essential for most patients to be able to afford these treatments. Accordingly, sales of our product candidates will depend substantially, both domestically and abroad, on the extent to which the costs of our product candidates will be paid by health maintenance, managed care, pharmacy benefit and similar healthcare management organizations, or will be reimbursed by government authorities, private health coverage insurers and other third-party payors. Coverage and reimbursement by a third-party payor may depend upon several factors, including the third-party payor's determination that use of a product is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- neither experimental nor investigational.

Obtaining coverage and reimbursement for a product from third-party payors is a time-consuming and costly process that could require us to provide to the payor supporting scientific, clinical and cost-effectiveness data. We may not be able to provide data sufficient to gain acceptance with respect to coverage and reimbursement. If coverage and reimbursement are not available, or are available only at limited levels, we may not be able to successfully commercialize our product candidates. Even if coverage is provided, the approved reimbursement amount may not be adequate to realize a sufficient return on our investment.

There is significant uncertainty related to third-party coverage and reimbursement of newly approved products. In the United States, third-party payors, including government payors such as the Medicare and Medicaid programs, play an important role in determining the extent to which new drugs and biologics will be covered and reimbursed. The Medicare and Medicaid programs increasingly are used as models for how private payors and government payors develop their coverage and reimbursement policies. It is difficult to predict what the CMS will decide with respect to coverage and reimbursement for fundamentally novel products, as there is no body of established practices and precedents for these types of products. Moreover, reimbursement agencies in the European Union may be more conservative than CMS. For example, several cancer drugs have been approved for reimbursement in the United States and have not been approved for reimbursement in certain European Union Member States. It is difficult to predict what third-party payors will decide with respect to the coverage and reimbursement for our product candidates.

Outside the United States, international operations generally are subject to extensive government price controls and other market regulations, and increasing emphasis on cost-containment initiatives in the European Union, Canada and other countries may put pricing pressure on us. In many countries, the prices of medical products are subject to varying price control mechanisms as part of national health systems. In general, the prices of medicines under such systems are substantially lower than in the United States. Other countries allow companies to fix their own prices for medical products, but monitor and control company profits. Additional foreign price controls or other changes in pricing regulation could restrict the amount that we are able to charge for our product candidates. Accordingly, in markets outside the United States, the reimbursement for our products may be reduced compared with the United States and may be insufficient to generate commercially reasonable product revenues. Further, as discussed above, United States regulators are contemplating a MFN Model under which Medicare Part B reimbursement rates would be calculated for certain drugs and biologicals based on the lowest price drug manufacturers receive in Organization for Economic Cooperation and Development countries with a similar gross domestic product per capita.

Moreover, increasing efforts by government and third-party payors in the United States and abroad to cap or reduce healthcare costs may cause such organizations to limit both coverage and the level of reimbursement for new products approved and, as a result, they may not cover or provide adequate payment for our product candidates. 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. Payors increasingly are considering new metrics as the basis for reimbursement rates, such as average sales price (ASP), average manufacturer price, and actual acquisition cost. The existing data for reimbursement based on some of these metrics is relatively limited, although certain states have begun to survey acquisition cost data for the purpose of setting Medicaid reimbursement rates, and CMS has begun making pharmacy National Average Drug Acquisition Cost and National Average Retail Price data publicly available on at least a monthly basis. Therefore, it may be difficult to project the impact of these evolving reimbursement metrics on the willingness of payors to cover candidate products that we or our partners are able to commercialize. In addition, many pharmaceutical manufacturers must calculate and report certain price reporting metrics to the government, such as ASP, and best price. Penalties may apply in some cases when such metrics are not submitted accurately and timely. Further, these prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs. We expect to experience pricing pressures in connection with the sale of any of our product candidates due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription drugs and surgical procedures and other treatments, has become intense. As a result, increasingly high barriers are being erected to the entry of new products such as ours.

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

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

- decreased demand for any product candidates or medicines that we may develop;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;
- significant costs to defend the related litigation;
- substantial monetary awards to trial participants or patients;
- loss of revenue; and
- the inability to commercialize our product candidates.

Although we coverage for clinical trials that we sponsor, it may not be adequate to cover all liabilities that we may incur. We anticipate that we will need to increase our insurance coverage as we commence additional clinical trials and if we successfully commercialize any product candidates. The market for insurance coverage is increasingly expensive, and the costs of insurance coverage will increase as our clinical programs increase in size. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

Risks Related to our Business and Industry

Business interruptions resulting from the COVID-19 outbreak or similar public health crises could cause a disruption of the development of our product candidates and adversely impact our business.

In December 2019, a novel strain of the coronavirus, COVID-19, was identified in Wuhan, China. This virus spread globally, including within the United States and in March 2020 the World Health Organization declared

COVID-19 a pandemic. The pandemic and government measures taken in response have also had a significant impact, both direct and indirect, on businesses and commerce, as worker shortages have occurred; supply chains have been disrupted; facilities and production have been suspended; and demand for certain goods and services, such as medical services and supplies, has spiked, while demand for other goods and services, such as travel, has fallen. As a result of the COVID-19 pandemic, we could experience disruptions that could severely impact our business, preclinical studies and clinical trials, including:

- delays or difficulties in enrolling and retaining patients in our clinical trials;
- delays or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff;
- delays in receiving authorizations from regulatory authorities to initiate our planned clinical trials;
- diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials;
- interruption of key clinical trial activities, such as clinical trial site data monitoring, due to limitations on travel imposed or recommended by federal or state governments, employers and others or interruption of clinical trial subject visits and study procedures (such as endoscopies that are deemed non-essential), which may impact the integrity of subject data and clinical study endpoints;
- risk that participants enrolled in our clinical trials will contract COVID-19 while the clinical trial is ongoing, which could impact the results of the clinical trial, including by increasing the number of observed adverse events;
- risk that we are unable to enroll participants in our clinical trials in adequate numbers;
- interruption or delays in the operations of the FDA or other regulatory authorities, which may impact review and approval timelines;
- interruption of, or delays in receiving, supplies of our product candidates from our contract manufacturing organizations due to staffing shortages, production slowdowns or stoppages and disruptions in delivery systems;
- interruptions in preclinical studies due to restricted or limited operations at our laboratory facility;
- delays in necessary interactions with local regulators, ethics committees and other important agencies and contractors due to limitations in employee resources or forced furlough of government employees;
- changes in local regulations as part of a response to the COVID-19 pandemic, which may require us to change the ways in which our clinical trials are conducted, which may result in unexpected costs, or to discontinue such clinical trials altogether;
- limitations on employee resources that would otherwise be focused on the conduct of our preclinical studies and clinical trials, including because of sickness of employees or their families or the desire of employees to avoid contact with large groups of people; and
- interruption or delays to our sourced identification, discovery and clinical activities.

Since March 2020, foreign and domestic inspections by the FDA have largely been on hold due to the coronavirus pandemic. In July 2020, FDA announced plans to resume prioritized domestic inspections. Should FDA determine that an inspection is necessary for approval of a marketing application and an inspection cannot be completed during the review cycle due to restrictions on travel, FDA has stated that it generally intends to issue a complete response letter. Further, if there is inadequate information to make a determination on the acceptability of a facility, FDA may defer action on the application until an inspection can be completed. In 2020, several companies announced receipt of complete response letters due to the FDA's inability to complete required inspections for their applications. Regulatory authorities outside the U.S. may adopt similar restrictions or other policy measures in response to the COVID-19 pandemic and may experience delays in their regulatory activities.

Additionally, as of June 23, 2020, the FDA noted it is continuing to ensure timely reviews of applications for medical products during the COVID-19 pandemic in line with its user fee performance goals. On July 16, 2020, FDA noted that it is continuing to expedite oncology product development with its staff teleworking full-time. However, FDA may not be able to continue its current pace and approval timelines could be extended, including where a pre-approval inspection or an inspection of clinical sites is required and due to the COVID-19 pandemic and travel restrictions FDA is unable to complete such required inspections during the review period.

The COVID-19 pandemic continues to rapidly evolve. The extent to which the pandemic impacts our business, preclinical studies and clinical trials will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the pandemic, travel restrictions and social distancing in the United States and other countries, business closures or business disruptions and the effectiveness of actions taken in the United States and other countries to contain and treat the disease.

Our future success depends on our ability to retain key employees, consultants and advisors and to attract, retain and motivate qualified personnel.

Our ability to compete in the highly competitive biotechnology and pharmaceutical industries depends upon our ability to attract and retain highly qualified managerial, scientific and medical personnel. We are highly dependent on our senior management, including scientific and medical personnel and other key employees. While we expect to engage in an orderly transition process as we integrate newly appointed officers and managers, we face a variety of risks and uncertainties relating to management transition, including diversion of management attention from business concerns, failure to retain other key personnel or loss of institutional knowledge. In addition, the loss of the services of any of our executive officers, other key employees and other scientific and medical advisors, and an inability to find suitable replacements could result in delays in product development and harm our business. In particular, due to our small number of employees, the loss of one employee may have a larger impact on our business than compared to a loss at one of our peers. We currently do not maintain “key person” insurance for any members of our management team.

Our Centessa Subsidiaries have historically conducted operations across facilities around the world. We may in the future expand our operations in the U.S. and other geographies, particularly in certain biotech hubs. Competition for skilled personnel in our market is intense and may limit our ability to hire and retain highly qualified personnel on acceptable terms or at all. Changes to immigration and work authorization laws and regulations, including those that restrain the flow of scientific and professional talent, can be significantly affected by political forces and levels of economic activity. Our business may be materially adversely affected if legislative or administrative changes to immigration or visa laws and regulations impair our hiring processes and goals or projects in the key jurisdictions in which we operate.

To encourage valuable employees to remain at our company, in addition to salary and cash incentives, we have provided equity awards that vest over time. The value to employees of equity awards that vest over time may be significantly affected by movements in our share price that are beyond our control, and may at any time be insufficient to counteract more lucrative offers from other companies. Despite our efforts to retain valuable employees, members of our management, scientific and development teams may terminate their employment with us at any time. Although we have employment agreements with our key employees, certain of these employment agreements provide for at-will employment, which means that any of our employees could leave our employment at any time. Our success also depends on our ability to continue to attract, retain and motivate highly skilled junior, mid-level and senior managers as well as junior, mid-level and senior scientific and medical personnel.

Additionally, we rely on our scientific founders and other scientific and clinical advisors and consultants to assist us in formulating our research, development and clinical strategies. Certain of our scientific founders, advisors and consultants are not our employees and may have commitments to, or consulting or advisory contracts with,

other entities that may limit their availability to us. If a conflict of interest arises between their work for us and their work for another entity, we may lose their services. Furthermore, our advisors may have arrangements with other companies to assist those companies in developing products or technologies that may compete with ours. In particular, if we are unable to maintain consulting relationships with our scientific founders or if they provide services to our competitors, our development and commercialization efforts will be impaired and our business will be significantly harmed.

Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk of employee fraud or other misconduct. 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. Employee 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 employee 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 significant impact on our business, including the imposition of significant fines or other sanctions.

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

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

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Our failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Our internal computer systems, or those of our collaborators or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of our product development programs.

In the ordinary course of our business, we may store, use, process or otherwise gain access to certain sensitive information, including proprietary information, confidential information, personal data and personal health data, intellectual property, trade secrets, and proprietary business information owned or controlled by ourselves or other parties. We may use third-party service providers and subprocessors to help us operate our business and we may also share such sensitive information with our partners or other third parties in conjunction with our business. We may be required to expend significant resources, at significant cost, fundamentally change our

business activities and practices, or modify our operations, including our clinical trial activities, or information technology in an effort to protect against security breaches and to mitigate, detect, and remediate actual or potential vulnerabilities as well as security breaches. Our internal computer systems (including, without limitation, any relevant sensitive information and other assets stored therein or accessible thereby) and those of our current and any future collaborators, contractors or consultants are vulnerable to damage from computer viruses, bugs, unauthorized access, denial-of-service attacks (such as credential stuffing); ransomware attacks, user errors or malfeasance, natural disasters, terrorism, war and telecommunication and electrical failures. For example, Capella Biosciences was the victim of an attack in which an unrelated party hacked into the email of Capella Biosciences' Chief Executive officer. In the past, a Centessa Subsidiary experienced unauthorized access to its systems through social engineering schemes. If any such material system failure, accident or security breach were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations, whether due to a loss of our trade secrets or other sensitive information or other similar disruptions, as well as necessitating that we incur significant costs to address such failure, accident or security breach. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. In addition, failures or significant downtime of our information technology or telecommunication systems or those used by our third-party service providers could cause significant interruptions in our operations and adversely impact the confidentiality, integrity and availability of sensitive information. We may also be the subject of server malfunction, software or hardware failures, supply-chain cyber attacks, loss of data or other computer assets, and other similar issues. Due to the COVID-19 pandemic, a significant portion of our workforce works remotely that has increased the risk to our information technology assets and data.

To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of sensitive information, we could incur liability, our competitive position could be harmed and the further development and commercialization of our product candidates could be delayed. Relevant laws, regulations, and industry standards, as well as contractual obligations, may require us to implement specific security measures or use industry-standard or reasonable measures to protect against security breaches. Even if we were to take and have taken security measures designed to protect against security breaches, there can be no assurance that such security measures or those of our service providers, partners and other third parties will be effective in protecting against disruptions or security breaches, or militating against the impact or the adverse consequences thereof. We may be unable to detect, anticipate, measure or prevent threats or techniques used to detect or exploit vulnerabilities in our (or our third parties') information technology, services, communications or software, or cause security breaches, because such threats and techniques change frequently, are often sophisticated in nature, and may not be detected until after an incident has occurred. We cannot be certain that we will be able to address any such vulnerabilities, in whole or part, and there may be delays in developing and deploying patches and other remedial measures to adequately address vulnerabilities. Relevant laws, regulations, and industry standards, as well as contractual obligations, may also require us to notify relevant stakeholders (including affected individuals, partners, collaborators, customers, regulators, law enforcement agencies, credit reporting agencies and others) of security breaches, and such disclosures are costly and could also have a material adverse effect on our reputation, business, or financial condition.

Actual or perceived security breaches or vulnerabilities, lack of appropriate information security safeguards and concerns regarding data privacy or security may cause some of our actual or prospective customers, collaborators, partners and/or clinical trial participants to stop participating in our trials, using our products or working with us. Additionally, regulators could impose penalties and monetary fines against us for similar concerns. The discontinuance of relationships with third parties, or the failure to meet the expectations of such third parties, and/or regulatory investigation or enforcement, could result in material harm to our operations, financial performance or reputation and affect our ability to grow and operate our business. We cannot be sure that our insurance coverage, if any, will be adequate or otherwise protect us from or adequately mitigate liabilities arising out of such security breaches or vulnerabilities. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or results in changes to our insurance policies

(including premium increases or the imposition of large excess or deductible or co-insurance requirements), could materially and adversely affect our business.

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

Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. The most recent global financial crisis caused extreme volatility and disruptions in the capital and credit markets. A severe or prolonged economic downturn, such as the most recent global financial crisis, could result in a variety of risks to our business, including weakened demand for our product candidates and our ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could strain our suppliers, possibly resulting in supply disruption, or cause delays in payments for our services by third-party payors or our collaborators. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

Our international operations may expose us to business, regulatory, legal, political, operational, financial, pricing and reimbursement risks associated with doing business across multiple jurisdictions outside of the United States.

Our business is subject to risks associated with conducting business internationally. Our Centessa Subsidiaries, suppliers, industry partners and clinical study centers are located across Europe, the United States and certain other jurisdictions. Furthermore, our business strategy incorporates potential international expansion as we seek to obtain regulatory approval for, and commercialize, our product candidates in patient populations outside the United States. If approved, we may hire sales representatives and conduct physician and patient association outreach activities across multiple jurisdictions. Doing business internationally involves a number of risks, including but not limited to:

- multiple, conflicting and changing laws, regulations, and compliance requirements such as privacy regulations, tax laws and practice, 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 rights;
- complexities and difficulties in obtaining, maintaining, protecting and enforcing our intellectual property;
- 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;
- 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 and/or the UK Bribery Act of 2010, or provisions of anti-corruption or anti-bribery laws in other countries.

Any of these factors could harm our future international expansion and operations and, consequently, our results of operations.

We may be subject, directly or indirectly, to federal and state healthcare fraud and abuse laws, false claims laws and health information privacy and security laws. If we are unable to comply, or have not fully complied, with such laws, we could face substantial penalties.

If we obtain FDA approval for any of our product candidates and begin commercializing those products in the United States, our operations will be directly, or indirectly through our prescribers, customers and purchasers, subject to various federal and state fraud and abuse laws and regulations, including, without limitation, the federal Health Care Program Anti-Kickback Statute, the federal civil and criminal False Claims Act and Physician Payments Sunshine Act and regulations. These laws will impact, among other things, our proposed sales, marketing and educational programs. In addition, we may be subject to patient privacy laws by both the federal government and the states in which we conduct our business. The laws that will affect our operations include, but are not limited to:

- the federal Health Care Program Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and willfully soliciting, receiving, offering or paying any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind, in return for the purchase, recommendation, leasing or furnishing of an item or service reimbursable under a federal healthcare program, such as the Medicare and Medicaid programs. This statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand, and prescribers, purchasers and formulary managers on the other. The ACA amends the intent requirement of the federal Anti-Kickback Statute. A person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. Violations are subject to civil and criminal fines and penalties for each violation, plus up to three times the remuneration involved, imprisonment, and exclusion from government healthcare programs. 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 federal False Claims Act or federal civil money penalties. On December 2, 2020, the Office of Inspector General (OIG), published further modifications to the federal Anti-Kickback Statute. Under the final rules, OIG added safe harbor protections under the Anti-Kickback Statute for certain coordinated care and value-based arrangements among clinicians, providers, and others. This rule (with exceptions) became effective January 19, 2021. Implementation of this change and new safe harbors for point-of-sale reductions in price for prescription pharmaceutical products and pharmacy benefit manager service fees are currently under review by the Biden administration and may be amended or repealed. We continue to evaluate what effect, if any, this rule will have on our business;
- federal civil and criminal false claims laws and civil monetary penalty laws which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment or approval from Medicare, Medicaid or other government payors that are false or fraudulent. The ACA provides and recent government cases against pharmaceutical and medical device manufacturers support the view that Federal Anti-Kickback Statute violations and certain marketing practices, including off-label promotion, may implicate the False Claims Act;
- the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA), which created new federal criminal statutes that prohibit a person from, among other things, knowingly and willfully executing a scheme or from making false or fraudulent statements to defraud any healthcare benefit program, regardless of the payor (e.g., public or private);

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act (HITECH), and its implementing regulations, and as amended again by the final HIPAA omnibus rule, Modifications to the HIPAA Privacy, Security, Enforcement, and Breach Notification Rules Under HITECH and the Genetic Information Nondiscrimination Act; Other Modifications to HIPAA, published in January 2013, which imposes certain requirements on covered entities, including health plans, health care clearinghouses and certain health care providers and their business associates and covered subcontractors relating to the privacy, security and transmission of individually identifiable health information without appropriate authorization;
- federal transparency laws, including the federal Physician Payment Sunshine Act, that require disclosure of payments and other transfers of value provided to physicians (defined to include defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, and ownership and investment interests held by physicians and other healthcare providers and their immediate family members and applicable group purchasing organizations. Beginning in 2022, applicable manufacturers also will be required to report such information regarding its payments and other transfers of value to physician assistants, nurse practitioners, clinical nurse specialists, anesthesiologist assistants, certified registered nurse anesthetists and certified nurse midwives during the previous year;
- federal government price reporting laws, which require us to calculate and report complex pricing metrics in an accurate and timely manner to government programs;
- federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers; and
- state law equivalents of each of the above federal laws, state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures 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 may not have the same effect, thus complicating compliance efforts in certain circumstances, such as specific disease states.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. If our operations are found to be in violation of any of the laws described above or any other government regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from participation in government health care programs, such as Medicare and Medicaid, imprisonment 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.

The provision of benefits or advantages to physicians to induce or encourage the prescription, recommendation, endorsement, purchase, supply, order or use of medicinal products is prohibited in the European Union. The provision of benefits or advantages to physicians is also governed by the national anti-bribery laws of European Union Member States, such as the UK Bribery Act 2010. Infringement of these laws could result in substantial fines and imprisonment.

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

For further information on privacy laws, regulations and standards, as well as policies, contracts and other obligations related to data privacy and security, and the potential application thereof to our operations (including in relation to our use of health-related personal data), see the sub-section immediately below this.

We are subject to stringent and changing privacy laws, regulations and standards as well as policies, contracts and other obligations related to data privacy and security. Our actual or perceived failure to comply with such obligations could lead to government enforcement actions (that could include fines and penalties), a disruption of our clinical trials or commercialization of our products, private litigation, harm to our reputation, or other adverse effects on our business or prospects.

The legislative and regulatory framework relating to the collection, use, retention, safeguarding, disclosure, sharing, transfer, security and other processing (collectively, Process or Processing) of personal data (including health-related personal data) worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Globally, virtually every jurisdiction in which we operate has established its own data security and privacy frameworks with which we must comply and some of which may impose potentially conflicting obligations.

Accordingly, we are, or may become, subject to data privacy and security laws, regulations, and industry standards as well as policies, contracts and other obligations that apply to the Processing of personal data both by us and on our behalf (collectively, Data Protection Requirements). If we fail, or are perceived to have failed, to address or comply with Data Protection Requirements, this could result in government enforcement actions against us that could include investigations, fines, penalties, audits and inspections, additional reporting requirements and/or oversight, temporary or permanent bans on all or some Processing of personal data, orders to destroy or not use personal data, and imprisonment of company officials. Further, individuals or other relevant stakeholders could bring a variety of claims against us for our actual or perceived failure to comply with the Data Protection Requirements. Any of these events could have a material adverse effect on our reputation, business, or financial condition, and could lead to a loss of actual or prospective customers, collaborators or partners; interrupt or stop clinical trials; result in an inability to Process personal data or to operate in certain jurisdictions; limit our ability to develop or commercialize our products; or require us to revise or restructure our operations.

For example, in May 2018 the General Data Protection Regulation (EU) 2016/679 (GDPR), came into effect across the European Economic Area (EEA). Also, notwithstanding the UK's withdrawal from the EU, by operation of the so-called "UK GDPR," the GDPR continues to apply in substantially equivalent form in the context of the UK, UK establishments and UK-focused Processing operations.

Collectively, European data protection laws (including the GDPR) are wide-ranging in scope and impose numerous, significant and complex compliance burdens in relation to the Processing of personal data, such as: limiting permitted Processing of personal data to only that which is necessary for specified, explicit and legitimate purposes; requiring the establishment of a legal basis for Processing personal data; broadening the definition of personal data to possibly include 'pseudonymized' or key-coded data; creating obligations for controllers and processors to appoint data protection officers in certain circumstances; increasing transparency obligations to data subjects; introducing the obligation to carry out data protection impact assessments in certain circumstances; establishing limitations on the collection and retention of personal data through 'data minimization' and 'storage limitation' principles; establishing obligations to implement 'privacy by design'; introducing obligations to honor increased rights for data subjects; formalizing a heightened and codified standard of data subject consent; establishing obligations to implement certain technical and organizational safeguards to protect the security and confidentiality of personal data; introducing obligations to agree to certain specific contractual terms and to take certain measures when working with third-party processors or joint controllers; introducing the obligation to provide notice of certain significant personal data breaches to the relevant supervisory authority(ies) and affected individuals; and mandating the appointment of representatives in the UK and/or EU in certain circumstances. In particular, the Processing of "special category personal data" (such as personal data related to health and genetic information), which will be relevant to our operations in the context of our conduct of clinical trials, imposes heightened compliance burdens under European data protection laws and is a topic of active interest among relevant regulators.

In addition, the GDPR provides that EEA member states may introduce specific requirements related to the Processing of special categories of personal data such as health data that we may process in connection with

clinical trials or otherwise. In the UK, the UK Data Protection Act 2018 complements the UK GDPR in this regard. This fact may lead to greater divergence on the law that applies to the Processing of such personal data across the EEA and/or UK, which may increase our costs and overall compliance risk. Such country-specific regulations could also limit our ability to Process relevant personal data in the context of our EEA and/or UK operations ultimately having an adverse impact on our business, and harming our business and financial condition.

Further, certain European data protection laws restrict transfers of personal data to the United States and most other countries outside Europe unless the parties to the transfer have implemented specific safeguards to protect the transferred personal data. One of the primary safeguards that allowed U.S. companies to import personal data from Europe had been certification to the EU-U.S. Privacy Shield and Swiss-U.S. Privacy Shield frameworks administered by the U.S. Department of Commerce. However, in July 2020, the Court of Justice of the EU (CJEU) invalidated the EU-U.S. Privacy Shield, in a case known as "Schrems II." Following this decision: the UK government has similarly invalidated use of the EU-U.S. Privacy Shield as a mechanism for lawful personal data transfers from the UK to the United States under the UK GDPR; and the Swiss Federal Data Protection and Information Commissioner announced that the Swiss-U.S. Privacy Shield does not provide adequate safeguards for the purposes of personal data transfers from Switzerland to the United States. The CJEU's decision in Schrems II also raised questions about whether one of the primary alternatives to the EU-U.S. Privacy Shield, namely, the European Commission's Standard Contractual Clauses, can lawfully be used for personal data transfers from Europe to the United States or other third countries that are not the subject of an adequacy decision of the European Commission. While the CJEU upheld the adequacy of the Standard Contractual Clauses in principle in Schrems II, it made clear that reliance on the Standard Contractual Clauses alone may not necessarily be sufficient in all circumstances. Use of the Standard Contractual Clauses must now be assessed on a case-by-case basis taking into account the legal regime applicable in the destination country, in particular regarding applicable surveillance laws and relevant rights of individuals with respect to the transferred personal data. In the context of any given transfer, where the legal regime applicable in the destination country may or does conflict with the intended operation of the Standard Contractual Clauses and/or applicable European data protection laws, the decision in Schrems II and subsequent draft guidance from the European Data Protection Board (EDPB) would require the parties to that transfer to implement supplementary technical, organizational and/or contractual measures in order to rely on the Standard Contractual Clauses as a compliant 'transfer mechanism.' However, the EDPB draft guidance appears to conclude that no combination of supplementary measures could be sufficient to allow effective reliance on the Standard Contractual Clauses in the context of transfers of personal data 'in the clear' to recipients in countries where the power granted to public authorities to access the transferred personal data goes beyond that which is 'necessary and proportionate in a democratic society' – which may, following the CJEU's conclusions in Schrems II on relevant powers of United States public authorities and commentary in that draft EDPB guidance, include the United States in certain circumstances (for example, where Section 702 of the US Foreign Intelligence Surveillance Act applies). At present, there are few, if any, viable alternatives to the Standard Contractual Clauses. The risks associated with such exports of personal data from locations within Europe are particularly relevant to our business as our group comprises several operating entities, many of which are located, and/or sponsor clinical trials, in Europe. We have yet to adopt and implement comprehensive processes, systems and other relevant measures within our organization, and/or with our relevant collaborators, service providers, contractors or consultants, which are appropriate to address relevant requirements relating to international transfers of personal data from Europe, and to minimize the potential impacts and risks resulting from those requirements, across our organization. Failure to implement valid mechanisms for personal data transfers from Europe, may result in our facing increased exposure to regulatory actions, substantial fines and injunctions against Processing personal data from Europe. Inability to export personal data may also: restrict our activities outside Europe; limit our ability to collaborate with partners as well as other service providers, contractors and other companies outside of Europe; and/or require us to increase our Processing capabilities within Europe at significant expense or otherwise cause us to change the geographical location or segregation of our relevant systems and operations – any or all of which could adversely affect our operations or financial results. Additionally, other countries outside of Europe have enacted or are considering enacting similar cross-border data transfer restrictions and laws requiring local data

residency, which could increase the cost and complexity of delivering our services and operating our business. The type of challenges we face in Europe will likely also arise in other jurisdictions that adopt laws similar in construction to the GDPR or regulatory frameworks of equivalent complexity.

European data protection laws also provide for more robust regulatory enforcement and greater penalties for noncompliance than previous data protection laws, including, for example, under the GDPR, fines of up to €20 million or 4% of global annual revenue of any noncompliant organization for the preceding financial year, whichever is higher. In addition to administrative fines, a wide variety of other potential enforcement powers are available to competent supervisory authorities in respect of potential and suspected violations of the GDPR, including extensive audit and inspection rights, and powers to order temporary or permanent bans on all or some Processing of personal data carried out by noncompliant actors – including permitting authorities to require destruction of improperly gathered or used personal data. The GDPR also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR.

Further, the UK's decision to leave the EU, often referred to as Brexit, and ongoing developments in the UK have created uncertainty regarding data protection regulation in the UK. Following December 31, 2020, and the expiry of transitional arrangements between the UK and EU, the data protection obligations of the GDPR continue to apply to UK-related Processing of personal data in substantially unvaried form under the so-called 'UK GDPR' (i.e., the GDPR as it continues to form part of UK law by virtue of section 3 of the EU (Withdrawal) Act 2018, as amended). However, going forward, there is increasing risk for divergence in application, interpretation and enforcement of the data protection laws as between the UK and EEA. Furthermore, the relationship between the UK and the EEA in relation to certain aspects of data protection law remains uncertain. For example, it is unclear whether transfers of personal data from the EEA to the UK will be permitted to take place on the basis of a future adequacy decision of the European Commission, or whether a 'transfer mechanism' such as the Standard Contractual Clauses will be required. Under the post-Brexit Trade and Cooperation Agreement between the EU and the UK, the UK and EU have agreed that transfers of personal data to the UK from EEA member states will not be treated as 'restricted transfers' to a non-EEA country for a period of up to four months from January 1, 2021, plus a potential further two months extension (the Extended Adequacy Assessment Period). Although the current maximum duration of the Extended Adequacy Assessment Period is six months, it may end sooner, for example, in the event that the European Commission adopts an adequacy decision in respect of the UK, or the UK amends the UK GDPR and/or makes certain changes regarding data transfers under the UK GDPR/Data Protection Act 2018 without the consent of the EU (unless those amendments or decisions are made simply to keep relevant UK laws aligned with the EU's data protection regime). If the European Commission does not adopt an 'adequacy decision' in respect of the UK prior to the expiry of the Extended Adequacy Assessment Period, from that point onwards the UK will be an 'inadequate third country' under the GDPR and transfers of personal data from the EEA to the UK will require a 'transfer mechanism' such as the Standard Contractual Clauses.

Additionally, as noted above, the UK has transposed the GDPR into UK domestic law by way of the UK GDPR with effect from January 2021, which could expose us to two parallel regimes where the UK GDPR and EU GDPR both apply, each of which potentially authorizes similar fines and other potentially divergent enforcement actions for certain violations. Also, following the expiry of the post-Brexit transitional arrangements, the UK Information Commissioner's Office is not able to be our 'lead supervisory authority' in respect of any 'cross border Processing' for the purposes of the GDPR. For so long as we are unable to, and/or do not, designate a lead supervisory authority in an EEA member state, with effect from January 1, 2021, we are not able to benefit from the GDPR's 'one stop shop' mechanism. Amongst other things, this would mean that, in the event of a violation of the GDPR affecting data subjects across the UK and the EEA, we could be investigated by, and ultimately fined by, the UK Information Commissioner's Office and the supervisory authority in each and every EEA member state where data subjects have been affected by such violation.

In the United States, there are a broad variety of data protection laws and regulations that may apply to our activities such as state data breach notification laws, state personal data privacy laws (for example, the California

Consumer Privacy Act of 2018 (CCPA)), state health information privacy laws, and federal and state consumer protection laws. A range of enforcement agencies exist at both the state and federal levels that can enforce these laws and regulations. For example, the CCPA requires covered businesses that process personal information of California residents to disclose their data collection, use and sharing practices. Further, the CCPA provides California residents with new data privacy rights (including the ability to opt out of certain disclosures of personal data), imposes new operational requirements for covered businesses, provides for civil penalties for violations as well as a private right of action for data breaches and statutory damages (that is expected to increase data breach class action litigation and result in significant exposure to costly legal judgements and settlements). Aspects of the CCPA and its interpretation and enforcement remain uncertain. In addition, it is anticipated that the CCPA will be expanded on January 1, 2023, when the California Privacy Rights Act of 2020 (CPRA) becomes operative. The CPRA will, among other things, give California residents the ability to limit use of certain sensitive personal information, further restrict the use of cross-contextual advertising, establish restrictions on the retention of personal information, expand the types of data breaches subject to the CCPA's private right of action, provide for increased penalties for CPRA violations concerning California residents under the age of 16, and establish a new California Privacy Protection Agency to implement and enforce the new. Although there are limited exemptions for clinical trial data under the CCPA, the CCPA and other similar laws could impact our business activities depending on how it is interpreted.

In other foreign jurisdictions in which we operate or have operated (including sponsoring past, present or future clinical trials), such as, without limitation, Canada and Georgia, similar Data Protection Requirements may apply.

Generally, these laws exemplify the vulnerability of our business to the evolving regulatory environment related to personal data and may require us to modify our Processing practices at substantial costs and expenses in an effort to comply.

Additionally, regulations promulgated pursuant to HIPAA, as amended, establish privacy and security standards that limit the use and disclosure of individually identifiable health information, or protected health information, and require the implementation of administrative, physical and technological safeguards designed to protect the privacy, confidentiality, integrity and availability of protected health information. These provisions may be applicable to our business or that of our collaborators, service providers, contractors or consultants.

Determining whether protected health information has been handled in compliance with applicable Data Protection Requirements can be complex and may be subject to changing interpretation. If we are unable to properly protect the privacy and security of protected health information, we could be found to have violated these privacy and security laws and/or breached certain contracts with our business partners (including as a business associate). Further, if we fail to comply with applicable Data Protection Requirements, such as, to the extent applicable, HIPAA privacy and security standards, we could face significant civil and criminal penalties. In the United States, the Department of Health and Human Services' and state attorneys general enforcement activity can result in financial liability and reputational harm, and responses to such enforcement activity can consume significant internal resources. In addition, state attorneys general are authorized to bring civil actions seeking either injunctions or damages in response to violations that threaten the privacy of state residents. We cannot be sure how these regulations will be interpreted, enforced or applied to our operations. In addition to the risks associated with enforcement activities and potential contractual liabilities, our ongoing efforts to comply with evolving laws and regulations at the federal and state level may be costly and require ongoing modifications to our policies, procedures and systems.

Given the breadth and evolving nature of Data Protection Requirements, preparing for and complying with these requirements is rigorous, time-intensive and requires significant resources and a review of our technologies, systems and practices, as well as those of any third-party collaborators, service providers, contractors or consultants that Process personal data on our behalf.

We may publish privacy policies and other documentation regarding our Processing of personal data and/or other confidential, proprietary or sensitive information. Although we endeavor to comply with our published policies

and other documentation, we may at times fail to do so or may be perceived to have failed to do so. Moreover, despite our efforts, we may not be successful in achieving compliance if our employees, third-party collaborators, service providers, contractors or consultants fail to comply with our policies and documentation. Such failures can subject us to potential foreign, local, state and federal action if they are found to be deceptive, unfair, or misrepresentative of our actual practices. Moreover, subjects about whom we or our partners 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 or failed to comply with data protection laws or applicable privacy notices 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 or otherwise materially and negatively impact our business.

We are subject to U.S. and certain foreign export and import controls, sanctions, embargoes, anti-corruption laws, and anti-money laundering laws and regulations. Compliance with these legal standards could impair our ability to compete in domestic and international markets. We can face criminal liability and other serious consequences for violations, which can harm our business.

We are subject to export control and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls, the U.S. Foreign Corrupt Practices Act of 1977, as amended (FCPA), the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, and other state and national anti-bribery and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, contractors, and other collaborators from authorizing, promising, offering, or providing, directly or indirectly, improper payments or anything else of value to recipients in the public or private sector. We may engage third parties to sell our products sell our products outside the United States, to conduct clinical trials, and/or to obtain necessary permits, licenses, patent registrations, and other regulatory approvals. We have direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities, and other organizations. We can be held liable for the corrupt or other illegal activities of our employees, agents, contractors, and other collaborators, even if we do not explicitly authorize or have actual knowledge of such activities. Any violations of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm, and other consequences.

We are comprised of multiple portfolio operating entities, all of which are at differing stages in their commercial, clinical, and pre-clinical operations, and all of which have taken differing measures to comply (and have varying degrees of compliance) with Data Protection Requirements. The lack of uniformity in the portfolio operating entities' efforts to comply with Data Protection Requirements, including, without limitation, establishing appropriate information security measures, could materially and adversely affect our business.

We are comprised of multiple portfolio operating entities, many of which were previously unrelated to the others and have operated discretely. Accordingly, the particular application of Data Protection Requirements may vary significantly across our group; as may the approach adopted by, and success of, relevant members of our organization to comply with relevant Data Protection Requirements. We have yet to adopt a harmonized approach to compliance with Data Protection Requirements across our group. The design, implementation, consolidation and harmonization of Processing operations, and relevant systems and facilities, across our company may cause us to incur significant expense, even where relevant members of the group are located within the same jurisdictions. These efforts could adversely affect our financial results.

Furthermore, the risks resulting from potential failure to comply, or perception of failure to comply, with Data Protection Requirements may vary significantly across our group.

Our company results from the combination of multiple early-stage operating companies within the life sciences sector. As early-stage companies, many of our operating companies are not at a level of maturity in relation to efforts to achieve compliance with Data Protection Requirements and the structuring of Processing operations, which would ordinarily be expected of an operating company that is a subsidiary of a publicly-traded company. Consequently, there exists a high level of risk with respect to one or more such companies as a result of its or their failure to comply, or perception of failure to comply, with Data Protection Requirements.

Risks Related to this Offering and Ownership of Our Securities

We are an emerging growth company and a smaller reporting company, and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies and smaller reporting companies will make our ADSs less attractive to investors.

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

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to not “opt out” of this exemption from complying with new or revised accounting standards and, therefore, we will adopt new or revised accounting standards at the time private companies adopt the new or revised accounting standard and will do so until such time that we either (i) irrevocably elect to “opt out” of such extended transition period or (ii) no longer qualify as an emerging growth company.

Even after we no longer qualify as an emerging growth company, we may still qualify as a “smaller reporting company,” which would allow us to continue 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 of the Sarbanes-Oxley Act 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 ADSs less attractive because we may rely on these exemptions. If some investors find our ADSs less attractive as a result, there may be a less active trading market for our ADSs and our ADS price may be more volatile.

Our new articles of association, to be adopted with effect from the completion of this offering, will provide that the courts of England and Wales will be the exclusive forum for the resolution of all shareholder complaints other than complaints asserting a cause of action arising under the Securities Act or the Exchange Act, and that the United States District Court for the Southern District of New York will be the exclusive forum for the resolution of any shareholder complaint asserting a cause of action arising under the Securities Act or the Exchange Act.

Our articles of association will provide that, unless we consent by ordinary resolution to the selection of an alternative forum, the courts of England and Wales shall, to the fullest extent permitted by law, be the exclusive forum for: (a) any derivative action or proceeding brought on our behalf; (b) any action or proceeding asserting a

claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us; (c) any action or proceeding asserting a claim arising out of any provision of the Companies Act 2006 (Companies Act), or our articles of association (as may be amended from time to time); or (d) any action or proceeding asserting a claim or otherwise related to our affairs, or the England and Wales Forum Provision. The England and Wales Forum Provision will not apply to any causes of action arising under the Securities Act or the Exchange Act. Our articles of association will further provide that unless we consent by ordinary resolution to the selection of an alternative forum, the United States District Courts shall be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act or the Exchange Act, or the U.S. Federal Forum Provision. In addition, our articles of association will provide that any person or entity purchasing or otherwise acquiring any interest in our shares is deemed to have notice of and consented to the England and Wales Forum Provision and the U.S. Federal Forum Provision; provided, however, that our shareholders cannot and will not be deemed to have waived our compliance with the U.S. federal securities laws and the rules and regulations thereunder.

The England and Wales Forum Provision and the U.S. Federal Forum Provision in our articles of association may impose additional litigation costs on our shareholders in pursuing any such claims. Additionally, the forum selection clauses in our Articles may limit the ability of our shareholders to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage the filing of lawsuits against us and our directors, officers and employees, even though an action, if successful, might benefit our shareholders. In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are "facially valid" under Delaware law, there is uncertainty as to whether other courts, including the courts of England and Wales and other courts within the U.S., will enforce our U.S. Federal Forum Provision. If the U.S. Federal Forum Provision is found to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our results of operations and financial condition. The U.S. Federal Forum Provision may also impose additional litigation costs on our shareholders who assert that the provision is not enforceable or invalid. The courts of England and Wales and the United States District Court for the Southern District of New York may also reach different judgments or results than would other courts, including courts where a shareholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our shareholders.

The price of our ADSs may be volatile, and you could lose all or part of your investment.

The trading price of our ADSs following this offering is likely to be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control, including limited trading volume. In addition to the factors discussed in this "Risk Factors" section and elsewhere in this prospectus, these factors include:

- the results of our ongoing, planned or any future preclinical studies, clinical trials or clinical development programs;
- the commencement, enrollment, or results of clinical trials of our product candidates or any future clinical trials we may conduct, or changes in the development status of our product candidates;
- adverse results or delays in preclinical studies and clinical trials;
- our decision to initiate a clinical trial, not to initiate a clinical trial, or to terminate an existing clinical trial;
- any delay in our regulatory filings or any adverse regulatory decisions, including failure to receive regulatory approval of our product candidates;
- changes in laws or regulations applicable to our products, including but not limited to clinical trial requirements for approvals;
- adverse developments concerning our manufacturers or our manufacturing plans;

- our inability to obtain adequate product supply for any licensed product or inability to do so at acceptable prices;
- our inability to establish collaborations if needed;
- our failure to commercialize our product candidates;
- changes in the structure of healthcare payment systems;
- additions or departures of key scientific or management personnel;
- unanticipated serious safety concerns related to the use of our product candidates;
- introduction of new products or services offered by us or our competitors;
- announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors;
- our ability to effectively manage our growth;
- the size and growth of our initial cancer target markets;
- our ability to successfully treat additional types of cancers or at different stages;
- actual or anticipated variations in quarterly operating results;
- our cash position;
- our failure to meet the estimates and projections of the investment community or that we may otherwise provide to the public;
- publication of research reports about us or our industry, or immunotherapy in particular, or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- changes in the market valuations of similar companies;
- overall performance of the equity markets;
- sales of our ADSs by us or holders of our ADSs in the future;
- trading volume of our ADSs;
- changes in accounting practices;
- ineffectiveness of our internal controls;
- disputes or other developments relating to intellectual property or proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- significant lawsuits, including intellectual property or shareholder litigation;
- general political and economic conditions; and
- other events or factors, many of which are beyond our control.

In addition, the stock market in general, and the market for biopharmaceutical companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our ADSs, regardless of our actual operating performance. If the market price of our ADSs after this offering does not exceed the initial public offering price, you may not realize any return on your investment in us and may lose some or all of your investment. In the past, securities class action litigation has often been instituted against companies following periods of volatility in the market price of a company's securities. This type of litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources, which would harm our business, financial condition, results of operation and future prospects.

Sales of a substantial number of securities by our existing shareholders in the public market could cause our ADS price to fall.

If our existing shareholders sell, or indicate an intention to sell, substantial amounts of our ADSs in the public market after the lockup and other legal restrictions on resale discussed in this prospectus lapse, the trading price of our ADSs could decline. Based on the number of shares outstanding as of , upon the closing of this offering, we will have outstanding a total of ordinary shares (including ordinary shares represented by ADSs) (or ordinary shares if the underwriters exercise in full their option to purchase additional ADSs). Of these shares, only the ADSs sold in this offering by us, plus any ADSs sold upon exercise of the underwriters' option to purchase additional ADSs, will be freely tradable without restriction in the public market immediately following this offering. In connection with this offering, our officers, directors and substantially all of our shareholders have agreed to be subject to a contractual lock-up with the underwriters, which will expire 180 days after the date of this prospectus. The lock-up agreements contain important exceptions that govern their applicability. Morgan Stanley & Co. LLC, Goldman Sachs & Co. LLC, Jefferies LLC and Evercore Group L.L.C., however, may, in their sole discretion, permit our officers, directors and other shareholders who are subject to these lock-up agreements to sell ordinary shares or ADSs prior to the expiration of the lock-up agreements.

In addition, ordinary shares that are either subject to outstanding options or reserved for future issuance under equity incentive plans, each to be effective upon the effectiveness of the registration statement of which this prospectus forms a part, 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 of 1933, as amended, or the Securities Act. If these additional ordinary shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our ADSs could decline.

After this offering, the holders of ordinary shares 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. See "Description of Share Capital and Articles of Association —Registration Rights." Registration of these shares under the Securities Act would result in such 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 shareholders could have a material adverse effect on the trading price of our ADSs.

We do not know whether an active, liquid and orderly trading market will develop for our ADSs or what the market price of our ADSs will be and, as a result, it may be difficult for you to sell your ADSs.

Prior to this offering, there was no public trading market for our ADSs. Although we have applied to list our ADSs on The Nasdaq Global Market, an active trading market for our ADSs may never develop or be sustained following this offering. You may not be able to sell your ADSs quickly or at the market price if trading in shares of our ADSs is not active. The initial public offering price for our ADSs will be determined through negotiations with representatives of the underwriters, and the negotiated price may not be indicative of the market price of the ADSs after the offering. As a result of these and other factors, you may be unable to resell your ADSs at or above the initial public offering price. Further, an inactive market may also impair our ability to raise capital by selling additional ADSs and may impair our ability to enter into strategic partnerships or acquire companies or products by using our ADSs as consideration.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the price of our ADSs and trading volume could decline.

The trading market for our ADSs will depend in part on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on our company. If no securities or industry analysts commence coverage of our company, the trading price for our ADSs would likely be negatively impacted. In the event securities or industry analysts initiate coverage, if one or more of the analysts who cover us downgrades our ADSs or publishes inaccurate or unfavorable research about our business, our ADS price may decline. If one or more of these analysts ceases

coverage of our company or fails to publish reports on us regularly, demand for our ADSs could decrease, which might cause our ADS price and trading volume to decline.

Our principal shareholders and management own a significant percentage of our ADSs and will be able to exert significant influence over matters subject to shareholders' approval.

Prior to this offering, our executive officers, directors, and 5% shareholders beneficially owned approximately % of our voting shares as of and assuming the sale by us of ADSs in this offering, based on an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and not accounting for any shares purchased in this offering by certain of our existing shareholders (or their affiliates), we anticipate that same group will hold approximately % of our outstanding ordinary shares following this offering (assuming no exercise of the underwriters' option to purchase additional ADSs), without giving effect to any purchases that certain of these holders may make through our directed share program. Therefore, even after this offering, these shareholders will have the ability to influence us through this ownership position. These shareholders may be able to determine all matters requiring shareholder approval. For example, these shareholders may be able to control elections, re-elections and removal of directors, amendments of our articles of association, or approval of any merger, scheme of arrangement, sale of assets, or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our ADSs that you may feel are in your best interest as a holder of our ADSs.

In addition, some of these persons or entities may have interests different than yours. For example, because many of these shareholders purchased their ordinary shares at prices substantially below the price at which ADSs are being sold in this offering and have held their ordinary shares for a longer period, they may be more interested in selling our company to an acquirer than other investors or they may want us to pursue strategies that deviate from the interests of other shareholders.

If you purchase our ADSs in this offering, you will incur immediate and substantial dilution in the book value of your shares.

The initial public offering price will be substantially higher than the net tangible book value per ADS. Investors purchasing ADSs in this offering will pay a price per share that substantially exceeds the book value of our tangible assets after subtracting our liabilities. As a result, investors purchasing ADSs in this offering will incur immediate dilution of $ per ADS, based on the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus. Further, investors purchasing ADSs in this offering will contribute approximately % of the total amount invested by shareholders since our inception, but will own only approximately % of the total number of ordinary shares (including ordinary shares represented by ADSs) outstanding after this offering (or % if the underwriters exercise in full their option to purchase additional ADSs).

This dilution is due to our investors who purchased shares prior to this offering having paid substantially less when they purchased their shares than the price offered to the public in this offering, and the exercise of share options granted to our employees. To the extent that outstanding share options or warrants are exercised, there will be further dilution to new investors. As a result of the dilution to investors purchasing ADSs in this offering, investors may receive significantly less than the purchase price paid in this offering, if anything, in the event of our liquidation. For a further description of the dilution that you will experience immediately after this offering, see the section of this prospectus entitled "Dilution."

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

We expect that significant additional capital may be needed in the future to continue our planned operations, including conducting clinical trials, expanded research and development activities, and costs associated with operating as a public company. To raise capital, we may sell ADSs, ordinary shares, 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 ADSs, ordinary shares, convertible securities, or other equity securities, investors may be materially diluted by subsequent sales, and new investors could gain rights, preferences, and privileges senior to the holders of our ADSs, including ADSs sold in this offering. Pursuant to our 2021 Plan, our management is authorized to grant share options to our employees, directors, and consultants.

Initially, the aggregate number of ordinary shares that may be issued pursuant to share awards under the 2021 Plan will be ordinary shares. The number of ordinary shares reserved for issuance under the 2021 Plan shall be cumulatively increased on January 1, 2022 and each January 1 thereafter by up to % of the total number of ordinary shares outstanding on December 31 of the preceding calendar year or a lesser number of ordinary shares determined by our board of directors. Unless our board of directors elects not to increase the number of ordinary shares available for future grant each year, our shareholders may experience additional dilution, which could cause the price of our ADSs to fall.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

Our management will have broad discretion in the application of the net proceeds from this offering, including for any of the purposes described in the section entitled "Use of Proceeds," and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. Our management might not apply our net proceeds in ways that ultimately increase or maintain the value of your investment. Pending their use, we may invest the net proceeds from this offering in short-term, investment-grade, interest-bearing securities. These investments may not yield a favorable return to our shareholders.

We do not intend to pay dividends on our ordinary shares, so any returns will be limited to the value of our ordinary shares or ADSs.

We currently anticipate that we will retain future earnings for the development, operation, and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. In addition, we may enter into agreements that prohibit us from paying cash dividends without prior written consent from our contracting parties, or which other terms prohibiting or limiting the amount of dividends that may be declared or paid on our ADS. Furthermore, under the Companies Act, a company's accumulated realized profits, so far as not previously utilized by distribution or capitalization, must exceed its accumulated realized losses so far as not previously written off in a reduction or reorganization of capital duly made (on a non-consolidated basis), before dividends can be paid. In the future, were our dividend policy to change, a dividend or distribution may still be restricted from being declared and paid. In addition, under the Companies Act, a public company can only affect a buyback of shares out of distributable profits or a fresh issue of shares and cannot do so out of capital. For these reasons, any return to shareholders may therefore be limited to the appreciation of their shares, which may never occur.

After the completion of this offering, we may be at an increased risk of securities class action litigation, which is expensive and could divert management attention.

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

We will incur significant 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.

As a public company, we will incur significant legal, accounting, and other expenses that we did not incur as a private company. We will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which will require, among other things, that we file with the Securities and Exchange Commission (SEC), annual, quarterly, and current reports with respect to our business and financial condition. In addition, the Sarbanes-Oxley Act, as well as rules subsequently adopted by the SEC and The Nasdaq Global Market to implement provisions of the Sarbanes-Oxley Act, impose significant requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Further, in July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), was enacted. There are significant corporate governance and executive compensation related provisions in the Dodd-Frank Act that require the SEC to adopt additional rules and regulations in these areas, such as "say on pay" and proxy access. Recent legislation permits emerging growth companies to implement many of these requirements over a longer period and up to five years from the pricing of this offering. We intend to take advantage of this new legislation but cannot guarantee that we will not be required to implement these requirements sooner than budgeted or planned and thereby incur unexpected expenses. Shareholder activism, the current political environment, and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot currently anticipate.

We expect the rules and regulations applicable to public companies to substantially increase our legal and financial compliance costs and to make some activities more time-consuming and costly. If these requirements divert the attention of our management and personnel from other business concerns, they could have a material adverse effect on our business, financial condition, and results of operations. The increased costs will decrease our net income or increase our net loss and may require us to reduce costs in other areas of our business or increase the prices of our products or services. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to incur substantial costs to maintain the same or similar coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees, or as executive officers.

We have material weaknesses in our internal control systems over financial reporting and will need to hire additional personnel and design and implement proper and effective internal controls over financial reporting. We may identify additional material weaknesses in the future that may cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements. If we fail to remediate our material weaknesses, we may not be able to report our financial results accurately or to prevent fraud.

Our management is responsible for establishing and maintaining internal control over financial reporting, disclosure controls, and compliance with the other requirements of the Sarbanes-Oxley Act and the rules promulgated by the SEC thereunder. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with international financial reporting standards. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected on a timely basis.

In connection with the audits of our financial statements as of December 31, 2020 and for the period from October 26, 2020 (inception) through December 31, 2020 and in connection with audits of our Centessa Subsidiaries as of December 31, 2019 and 2020 for the periods or years ended December 31, 2019 and 2020, we identified material weaknesses in our internal control over financial reporting. Neither Centessa nor the Centessa Subsidiaries have a sufficient complement of personnel commensurate with the accounting and reporting requirements of a public company. The material weaknesses identified relate to inadequate controls that address

segregation of certain accounting duties and reconciliation and analysis of certain key accounts. We have concluded that these material weaknesses arose because, as a pre-revenue private company recently formed, we and Centessa Subsidiaries did not have the necessary personnel to design effective components of internal control including risk assessment control activities information/communication and monitoring to satisfy the accounting and financial reporting requirements of a public company.

Management will aim to remediate the material weaknesses described above through hiring additional qualified accounting and financial reporting personnel, and designing and implementing financial reporting systems, processes, policies and internal controls. However, we will not be able to fully remediate these material weaknesses until these steps have been completed and are functioning effectively, which may expose us to errors, losses or fraud until remediated. In addition, we cannot at this time provide an estimate of the costs we expect to incur or the expected timeline in connection with implementing our remediation plan. These remediation measures may be time-consuming and costly, and might place significant demands on our financial and operational resources. If we are unable to successfully remediate these material weaknesses or successfully supervise and rely on outside advisors with expertise in these matters to assist us in the preparation of our financial statements, our financial statements could contain material misstatements that, when discovered in the future, could cause us to fail to meet our future reporting obligations and cause the price of our ADSs to decline.

If we fail to develop or maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we will be required to develop and maintain internal control over financial reporting and to report any material weaknesses in such internal controls. The Sarbanes-Oxley Act, requires that we evaluate and determine the effectiveness of our internal control over financial reporting and, beginning with our second annual report following our IPO, provide a management report on internal control over financial reporting. In addition, once we are no longer an emerging growth company, we will be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm.

Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our results of operations, cause us to fail to meet our reporting obligations, result in a restatement of our financial statements for prior periods, or adversely affect the results of management evaluations and independent registered public accounting firm audits of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. In addition, to the extent we acquire or establish additional consolidated subsidiaries, the financial statements of such entities may not be initially prepared by us, and we will not have direct control over their financial statement preparation. As a result, we will, for our financial reporting, depend on what these entities report to us, which could result in our adding monitoring and audit processes, and increase the difficulty of implementing and maintaining adequate controls over our financial processes and reporting in the future, which could lead to delays in our external reporting. In particular, this may occur where we are establishing such entities with partners that do not have sophisticated financial accounting processes in place, or where we are entering into new relationships at a rapid pace, straining our integration capacity. Additionally, if we do not receive the information from the consolidated subsidiaries on a timely basis, it could cause delays in our external reporting. Ineffective disclosure controls and procedures and internal controls over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our ADSs.

In preparation for this offering, we have relied upon and, in the future we expect to continue to rely upon third-party contracted service providers to assist with our financial reporting. We are in the process of designing and implementing internal controls over financial reporting required to comply with the Sarbanes-Oxley Act. This process will be time consuming, costly, and complicated. If we are unable to assert that our internal control over financial reporting is effective or when required in the future, if our independent registered public accounting

firm issues an adverse opinion on the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our ADSs could be adversely affected and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

Our business and operations in the UK and EU may be negatively impacted by the United Kingdom's withdrawal from the EU, which could adversely affect the price of our ADSs.

On June 23, 2016, the UK held a referendum in which a majority of voters approved an exit from the EU (Brexit). After nearly three years of negotiation and political and economic uncertainty, the UK's withdrawal from the EU became effective on January 31, 2020. There was a transitional period, during which EU laws, including pharmaceutical laws, continued to apply in the UK, however this ended on December 31, 2020. The UK and EU have signed a EU-UK trade and cooperation agreement (EU-UK Trade and Cooperation Agreement), which became provisionally applicable on January 1, 2021 and will become formally applicable once ratified by both the UK and the EU. This agreement provides details on how some aspects of the UK and EU's relationship regarding medicinal products will operate, particularly in relation to Good Manufacturing Practice, however there are still many uncertainties. Many of the regulations that now apply in the UK following the transition period (including financial laws and regulations, tax, intellectual property rights, data protection laws, supply chain logistics, environmental, health and safety laws and regulations, medicine approval and regulations, immigration laws and employment laws), will likely be amended in future as the UK determines its new approach, which may result in significant divergence from EU regulations. This lack of clarity on future UK laws and regulations and their interaction with the EU laws and regulations increases our regulatory burden of operating in and doing business with both the UK and the EU.

The long-term effects of Brexit will depend in part on how the EU-UK Trade and Cooperation Agreement, and any future agreements signed by the UK and the EU, take effect in practice. Such a withdrawal from the EU is unprecedented, and it is unclear how the restrictions on the UK's access to the European single market for goods, capital, services and labor within the EU and the wider commercial, legal and regulatory environment, could impact our current and future operations and clinical activities in the UK.

We may also face new regulatory costs and challenges that could have an adverse effect on our operations as a result of Brexit. Since the regulatory framework in the UK covering quality, safety and efficacy of medicinal products, clinical trials, marketing authorization, commercial sales and distribution of medicinal products is derived from EU directives and regulations, Brexit could materially impact the future regulatory regime with respect to the approval of any of our future product candidates in the UK. For instance, the UK will now no longer be covered by the centralized procedure for obtaining EEA-wide marketing and manufacturing authorizations from the EMA for medicinal products and a separate process for authorization of drug products will be required in the UK. For a period of two years from 1 January 2021, the MHRA may rely on a decision taken by the European Commission on the approval of a new marketing authorization in the centralized procedure, in order to more quickly grant a UK marketing authorization, however a separate application will still be required. Any delay in obtaining, or an inability to obtain, any regulatory approvals, as a result of Brexit or otherwise, would delay or prevent us from commercializing our current or future product candidates in the UK and could restrict our ability to generate revenue from that market.

We expect that, now the transition period has expired, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws to replicate or replace, including those related to the regulation of medicinal products. Any of these effects of Brexit, and others we cannot anticipate, could negatively impact our business and results of operations in the UK.

The uncertainty concerning the UK's legal, political and economic relationship with the EU following Brexit may also be a source of instability in the international markets, create significant currency fluctuations, and/or otherwise adversely affect trading agreements or similar cross-border co-operation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise).

Holders of ADSs are not treated as holders of our ordinary shares.

By participating in this offering you will become a holder of ADSs with underlying ordinary shares in a company incorporated under English law. Holders of ADSs are not treated as holders of our ordinary shares, unless they withdraw the ordinary shares underlying their ADSs in accordance with the deposit agreement and applicable laws and regulations. The depositary is the holder of the ordinary shares underlying the ADSs. Holders of ADSs therefore do not have any rights as holders of our ordinary shares, other than the rights that they have pursuant to the deposit agreement. See "Description of American Depositary Shares."

Holders of ADSs may be subject to limitations on the transfer of their ADSs and the withdrawal of the underlying ordinary shares.

ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary think it is advisable to do so because of any requirement of law, government or governmental body, or under any provision of the deposit agreement, or for any other reason, subject to the right of ADS holders to cancel their ADSs and withdraw the underlying ordinary shares. Temporary delays in the cancellation of your ADSs and withdrawal of the underlying ordinary shares may arise because the depositary has closed its transfer books or we have closed our transfer books, the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting or we are paying a dividend on our ordinary shares. In addition, ADS holders may not be able to cancel their ADSs and withdraw the underlying ordinary shares when they owe money for fees, taxes and similar charges and when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities. See "Description of American Depositary Shares."

We are entitled to amend the deposit agreement and to change the rights of ADS holders under the terms of such agreement, or to terminate the deposit agreement, without the prior consent of the ADS holders.

We are entitled to amend the deposit agreement and to change the rights of the ADS holders under the terms of such agreement, without the prior consent of the ADS holders. We and the depositary may agree to amend the deposit agreement in any way we decide is necessary or advantageous to us or to the depositary. Amendments may reflect, among other things, operational changes in the ADS program, legal developments affecting ADSs or changes in the terms of our business relationship with the depositary. In the event that the terms of an amendment are materially disadvantageous to ADS holders, ADS holders will only receive 30 days' advance notice of the amendment, and no prior consent of the ADS holders is required under the deposit agreement. Furthermore, we may decide to direct the depositary to terminate the ADS facility at any time for any reason. For example, terminations may occur when we decide to list our ordinary shares on a non-U.S. securities exchange and determine not to continue to sponsor an ADS facility or when we become the subject of a takeover or a going-private transaction. If the ADS facility will terminate, ADS holders will receive at least 30 days' prior notice, but no prior consent is required from them. Under the circumstances that we decide to make an amendment to the deposit agreement that is disadvantageous to ADS holders or terminate the deposit agreement, the ADS holders may choose to sell their ADSs or surrender their ADSs and become direct holders of the underlying ordinary shares, but will have no right to any compensation whatsoever.

ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our ordinary shares provides that, to the fullest extent permitted by law, holders and beneficial owners of ADSs irrevocably waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to the ADSs or the deposit agreement.

If this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and/or the depositary. If a lawsuit is brought against us and/or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action, depending on, among other things, the nature of the claims, the judge or justice hearing such claims, and the venue of the hearing.

No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with the U.S. federal securities laws and the rules and regulations promulgated thereunder.

Moreover, as the jury trial waiver relates to claims arising out of or relating to the ADSs or the deposit agreement, we believe that, as a matter of construction of the clause, the waiver would likely to continue to apply to ADS holders who withdraw the ordinary shares from the ADS facility with respect to claims arising before the cancellation of the ADSs and the withdrawal of the ordinary shares, and the waiver would most likely not apply to ADS holders who subsequently withdraw the ordinary shares represented by ADSs from the ADS facility with respect to claims arising after the withdrawal. However, to our knowledge, there has been no caselaw on the applicability of the jury trial waiver to ADS holders who withdraw the ordinary shares represented by the ADSs from the ADS facility.

You will not have the same voting rights as the holders of our ordinary shares and may not receive voting materials in time to be able to exercise your right to vote.

Except as described in this prospectus and the deposit agreement, holders of the ADSs will not be able to exercise voting rights attaching to the ordinary shares represented by the ADSs. Under the terms of the deposit agreement, holders of the ADSs may instruct the depositary to vote the ordinary shares underlying their ADSs. Otherwise, holders of ADSs will not be able to exercise their right to vote unless they withdraw the ordinary shares underlying their ADSs to vote them in person or by proxy in accordance with applicable laws and regulations and our articles of association. Even so, ADS holders may not know about a meeting far enough in advance to withdraw those ordinary shares. If we ask for the instructions of holders of the ADSs, the depositary, upon timely notice from us, will notify ADS holders of the upcoming vote and arrange to deliver our voting materials to them. Upon our request, the depositary will mail to holders a shareholder meeting notice that contains, among other things, a statement as to the manner in which voting instructions may be given. We cannot guarantee that ADS holders will receive the voting materials in time to ensure that they can instruct the depositary to vote the ordinary shares underlying their ADSs. A shareholder is only entitled to participate in, and vote at, the meeting of shareholders, provided that it holds our ordinary shares as of the record date set for such

meeting and otherwise complies with our articles of association. In addition, the depositary's liability to ADS holders for failing to execute voting instructions or for the manner of executing voting instructions is limited by the deposit agreement. As a result, holders of ADSs may not be able to exercise their right to give voting instructions or to vote in person or by proxy and they may not have any recourse against the depositary or us if their ordinary shares are not voted as they have requested or if their shares cannot be voted.

You may not receive distributions on our ordinary shares represented by the ADSs or any value for them if it is illegal or impractical to make them available to holders of ADSs.

The depositary for the ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of our ordinary shares your ADSs represent. However, in accordance with the limitations set forth in the deposit agreement, it may be unlawful or impractical to make a distribution available to holders of ADSs. We have no obligation to take any other action to permit distribution on the ADSs, ordinary shares, rights or anything else to holders of the ADSs. This means that you may not receive the distributions we make on our ordinary shares or any value from them if it is unlawful or impractical to make them available to you. These restrictions may have an adverse effect on the value of your ADSs.

Claims of U.S. civil liabilities may not be enforceable against us.

We are incorporated under English law and have our registered office in England. Certain members of our board of directors and senior management are non-residents of the United States, and all or a substantial portion of our assets and the assets of such persons are located outside the United States. As a result, it may not be possible to serve process on such persons or us in the United States or to enforce judgments obtained in U.S. courts against them or us based on civil liability provisions of the securities laws of the United States.

The United States and England and Wales do not currently have a treaty providing for recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment given by a court in the United States, whether or not predicated solely upon U.S. securities laws, would not automatically be recognized or enforceable in England and Wales. In addition, uncertainty exists as to whether the courts of England and Wales would entertain original actions brought in England and Wales against us or our directors or senior management predicated upon the securities laws of the United States or any state in the United States. Any final and conclusive monetary judgment for a definite sum obtained against us in U.S. courts would be treated by the courts of England and Wales as a cause of action in itself and sued upon as a debt at common law so that no retrial of the issues would be necessary, provided that certain requirements are met. Whether these requirements are met in respect of a judgment based upon the civil liability provisions of the U.S. securities laws, including whether the award of monetary damages under such laws would constitute a penalty, is an issue for the court making such decision. If the courts of England and Wales give judgment for the sum payable under a U.S. judgment, the judgment of the English and Welsh court will be enforceable by methods generally available for this purpose. These methods generally permit the courts of England and Wales discretion to prescribe the manner of enforcement.

As a result, U.S. investors may not be able to enforce against us or our senior management, board of directors or certain experts named herein who are residents of England and Wales or countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is

available. Also, under the deposit agreement, the depositary bank will not make rights available to you unless either both the rights and any related securities are registered under the Securities Act, or the distribution of them to ADS holders is exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. If the depositary does not distribute the rights, it may, under the deposit agreement, either sell them, if possible, or allow them to lapse. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

If we are a controlled foreign corporation, there could be material adverse U.S. federal income tax consequences to certain U.S. Holders.

Each "Ten Percent Shareholder" (as defined below) in a non-U.S. corporation that is classified as a "controlled foreign corporation," or a CFC, for U.S. federal income tax purposes generally is required to include in income for U.S. federal tax purposes such Ten Percent Shareholder's pro rata share of the CFC's "Subpart F income" and investment of earnings in U.S. property, even if the CFC has made no distributions to its shareholders. Subpart F income generally includes dividends, interest, rents, royalties, "global intangible low-taxed income," gains from the sale of securities and income from certain transactions with related parties. In addition, a Ten Percent Shareholder that realizes gain from the sale or exchange of shares in a CFC may be required to classify a portion of such gain as dividend income rather than capital gain. A non-U.S. corporation generally will be classified as a CFC for U.S. federal income tax purposes if Ten Percent Shareholders own, directly or indirectly, more than 50% of either the total combined voting power of all classes of stock of such corporation entitled to vote or of the total value of the stock of such corporation. A "Ten Percent Shareholder" is a United States person (as defined by the Code) who owns or is considered to own 10% or more of the total combined voting power of all classes of stock entitled to vote or 10% or more of the total value of all classes of stock of such corporation.

We do not expect to be a CFC in the current taxable year; however, it is possible that we may become a CFC in a subsequent taxable year. The determination of CFC status is complex and includes attribution rules, the application of which is not certain. In addition, as a result of recent changes made to the attribution rules in the Code, the stock of our non-U.S. subsidiaries is attributed to our U.S. subsidiary, which results in our non-U.S. subsidiaries being treated as CFCs and could result in certain United States persons being treated as Ten Percent Shareholders of such non-U.S. subsidiary CFCs. We cannot provide any assurances that we will assist holders of our ordinary shares or ADSs in determining whether we are treated as a CFC or whether any holder of ordinary shares or ADSs is treated as a Ten Percent Shareholder with respect to any such CFC or furnish to any Ten Percent Shareholders information that may be necessary to comply with the aforementioned reporting and tax paying obligations.

U.S. Holders should consult their own tax advisors with respect to the potential material adverse U.S. tax consequences of becoming a Ten Percent Shareholder in a CFC, including the possibility and consequences of becoming a Ten Percent Shareholder in our non-U.S. subsidiaries that are treated as CFCs due to the changes to the attribution rules. If we are classified as both a CFC and a PFIC (as defined below), we generally will not be treated as a PFIC with respect to those U.S. Holders that meet the definition of a Ten Percent Shareholder during the period in which we are a CFC.

There is substantial uncertainty as to whether we are or will be a passive foreign investment company (PFIC). If we are a PFIC, there could be material adverse U.S. federal income tax consequences to U.S. holders.

Under the Code, we will be a PFIC, for any taxable year in which (1) 75% or more of our gross income consists of passive income or (2) 50% or more of the average quarterly value of our assets consists of assets that produce, or are held for the production of, passive income. For purposes of these tests, passive income includes dividends, interest, gains from the sale or exchange of investment property and certain rents and royalties. In addition, for purposes of the

above calculations, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as holding and receiving directly its proportionate share of assets and income of such corporation. If we are a PFIC for any taxable year during which a U.S. Holder holds our ordinary shares or ADSs, the U.S. Holder may be subject to material adverse tax consequences regardless of whether we continue to qualify as a PFIC, including ineligibility for any preferred tax rates on capital gains or on actual or deemed dividends, interest charges on certain taxes treated as deferred and additional reporting requirements.

While we believe we may have been a PFIC for 2020, and we do not believe we will be a PFIC in the current year, it is uncertain whether we or any of our Centessa Subsidiaries will be treated as a PFIC for U.S. federal income tax purposes for the current or any subsequent tax year. The determination of whether we are a PFIC is a fact-intensive determination made on an annual basis applying principles and methodologies that in some circumstances are unclear and subject to varying interpretation. The value of our assets would also be determined differently for the purposes of this determination if we were treated as a CFC, as discussed above. Under the income test described above, our status as a PFIC depends on the composition of our income which will depend on the transactions we enter into in the future and our corporate structure. The composition of our income and assets is also affected by the spending of the cash we raise in any offering, including this offering. Because PFIC status is based on our income, assets, and activities for the entire taxable year, we cannot make a conclusive determination at this time as to whether we will be a PFIC for 2021 and our PFIC status may change from year to year. Although we will try to manage our business to avoid becoming a PFIC, our operations currently generate very limited amounts of non-passive income. Until we generate sufficient revenue from active licensing and other non-passive sources, there is a risk that we will be a PFIC under the PFIC income test.

In certain circumstances, a U.S. Holder of shares in a PFIC may alleviate some of the adverse tax consequences described above by making either a "qualified electing fund," or QEF, election or a mark-to-market election (if our ordinary shares or ADSs constitute "marketable" securities under the Code). However, a U.S. Holder may make a QEF election with respect to our ordinary shares or ADSs only if we agree to furnish such U.S. Holder annually with required information. If we determine that we are a PFIC for this taxable year or any future taxable year, we currently expect that we would make available the information necessary for U.S. Holders to make a QEF Election. However, there is also no assurance that we will have timely knowledge of our status as a PFIC in the future or of the required information to be provided.

If we are a PFIC and, at any time, have a foreign subsidiary that is classified as a PFIC, U.S. Holders generally would be deemed to own a portion of the shares of such lower-tier PFIC, and generally could incur liability for the deferred tax and interest charge described above if we receive a distribution from, or dispose of all or part of our interest in, the lower-tier PFIC or the U.S. Holders otherwise were deemed to have disposed of an interest in the lower-tier PFIC. If we determine that we are a PFIC, to the extent appropriate, we will cause any lower-tier PFIC that we control to provide to a U.S. Holder the information necessary for U.S Holders to make or maintain a QEF election with respect to the lower-tier PFIC. However, in the future, we may not hold a controlling interest in any such lower-tier PFIC and thus there can be no assurance that we will be able to cause the lower-tier PFIC to provide such required information. A mark-to-market election generally would not be available with respect to such lower-tier PFIC. U.S. Holders are urged to consult their tax advisors regarding the tax issues raised by lower-tier PFICs.

For further discussion of the PFIC rules and the adverse U.S. federal income tax consequences in the event we are classified as a PFIC, see the section of this prospectus entitled "Material Income Tax Considerations — Material United States Federal Income Considerations for U.S. Holders." U.S. Holders should consult their own tax advisors with respect to the potential material adverse U.S. tax consequences if we or any of our Centessa Subsidiaries are or were to become a PFIC.

Future changes to tax laws could materially adversely affect our company and reduce net returns to our shareholders.

We conduct business globally. The tax treatment of the company or any of the group companies is subject to changes in tax laws, regulations and treaties, or the interpretation thereof, tax policy initiatives and reforms under

consideration and the practices of tax authorities in jurisdictions in which we operate, as well as international tax policy initiatives and reforms including those related to the Organisation for Economic Co-Operation and Development's (OECD), Base Erosion and Profit Shifting (BEPS), Project, the European Commission's state aid investigations and other initiatives. Such changes may include (but are not limited to) the taxation of operating income, investment income, dividends received or (in the specific context of withholding tax) dividends paid.

We are unable to predict what tax reform may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices, could affect our financial position, future results of operations, cash flows in a particular period and overall or effective tax rates in the future in countries where we have operations, reduce post-tax returns to our shareholders, and increase the complexity, burden and cost of tax compliance.

Tax authorities may disagree with our positions and conclusions regarding certain tax positions, resulting in unanticipated costs, taxes or non-realization of expected benefits.

We operate through various Centessa Subsidiaries in a number of countries throughout the world. Consequently, we are subject to tax laws, treaties, and regulations in the countries in which we operate, and these laws and treaties are subject to interpretation. We have taken, and will continue to take, tax positions based on our interpretation of such tax laws. A tax authority may disagree with tax positions that we have taken, which could result in increased tax liabilities. For example, HM Revenue & Customs (HMRC), the Internal Revenue Service or another tax authority could challenge our allocation of income by tax jurisdiction and the amounts paid between our affiliated companies pursuant to our intercompany arrangements and transfer pricing policies, including amounts paid with respect to our intellectual property development. There can be no assurance that a taxing authority will not have a different interpretation of applicable law and assess us with additional taxes. Similarly, a tax authority could assert that we are subject to tax in a jurisdiction where we believe we have not established a taxable connection, often referred to as a "permanent establishment" under international tax treaties, and such an assertion, if successful, could increase our expected tax liability in one or more jurisdictions. If we are assessed with additional taxes, this may result in a material adverse effect on our results of operations and/or financial condition.

A tax authority may take the position that material income tax liabilities, interest and penalties are payable by us, for example where there has been a technical violation of contradictory laws and regulations that are relatively new and have not been subject to extensive review or interpretation, in which case, we expect that we might contest such assessment. Contesting such an assessment may be lengthy and costly and if we were unsuccessful in disputing the assessment, the implications could increase our anticipated effective tax rate, where applicable, or result in other liabilities.

As described further in the section titled, "Share Capital Reorganization and Re-Registration" in January 2021 the shareholders of each of our operating subsidiaries exchanged their shares in those subsidiaries for ordinary shares of Centessa Pharmaceuticals Limited. The exchanges of shares in our operating subsidiaries that were incorporated in the United Kingdom gave rise to a liability to United Kingdom stamp duty at the rate of 0.5% of the value of the ordinary shares issued by Centessa Pharmaceuticals Limited to each of the former shareholders. The stamp duty was calculated and paid on the basis that the ordinary shares so issued would in effect have the same value as the shares of the operating subsidiary shares exchanged for those ordinary shares in each case. As of the date hereof, HM Revenue & Customs have not issued acknowledgment of acceptance of the amount of stamp duty paid and confirmation that Centessa Pharmaceuticals Limited can, accordingly, be entered in the registers of members of each of the relevant operating subsidiaries as the registered holder of title to all of the issued shares of those operating subsidiaries. In principle, HM Revenue & Customs could raise enquiries into the basis of calculation of the amount of stamp duty paid and seek to assert that a greater value should have been ascribed to some or all of the ordinary shares of Centessa Pharmaceuticals Limited issued as consideration for the transfers of the relevant operating subsidiaries. In the event of such an assertion being sustained, we would incur a liability to additional United Kingdom stamp duty equating to 0.5% of any additional value ascribed to the ordinary shares issued by Centessa Pharmaceuticals Limited in respect of the exchanges.

We may be unable to use U.K. net operating loss and tax credit carryforwards and certain built-in losses to reduce future tax payments or benefit from favorable U.K. tax legislation.

As a U.K. incorporated and tax resident entity, we are subject to U.K. corporate taxation on tax-adjusted trading profits. Due to the nature of our business, we have generated losses since inception and have not paid any U.K. corporation tax. We therefore have accumulated carryforward tax losses. Subject to numerous utilization criteria and restrictions (including those that limit the percentage of profits that can be reduced by carried forward losses and those that can restrict the use of carried forward losses where there is a change of ownership of more than half the ordinary shares of the Company and a major change in the nature, conduct or scale of the trade), we expect these to be eligible for carry forward and utilization against future operating profits. The use of loss carryforwards in relation to U.K. profits incurred on or after April 1, 2017 is generally limited each year to £5.0 million plus an incremental 50% of U.K. taxable profits. In addition, if we were to have a major change in the nature of the conduct of our trade, loss carryforwards may be restricted or extinguished.

As a company that carries out extensive research and development activities, we seek to benefit from two U.K. research and development tax relief programs, the Small and Medium-sized Enterprises R&D Tax Credit Program (SME Program), and the Research and Development Expenditure Credit program (RDEC Program). Where available, we may be able to surrender the trading losses that arise from our qualifying research and development activities for cash or carried forward for potential offset against future profits (subject to relevant restrictions). The majority of our pipeline research, clinical trials management and manufacturing development activities are eligible for inclusion within these tax credit cash rebate claims. Our eligibility to claim payable research and development tax credits may be limited or eliminated because we may no longer qualify as a small or medium-sized company. Proposed changes to the SME Program are scheduled to begin from April 2021 and will cap the available claim under the SME Program to a multiple of payroll taxes (broadly, to a maximum payable credit equal to £20,000 plus three times the total PAYE and NICs liability of the company). This cap may limit the value we can claim. We may benefit in the future from the United Kingdom's "patent box" regime, which allows certain profits attributable to revenues from patented products (and other qualifying income) to be taxed at an effective rate of 10%. We are the exclusive licensee or owner of several patent applications which, if issued, would cover our product candidates, and accordingly, future upfront fees, milestone fees, product revenues and royalties could be taxed at this tax rate. When taken in combination with the enhanced relief available on our research and development expenditures, we expect a long-term lower rate of corporation tax to apply to us. If, however, there are unexpected adverse changes to the U.K. research and development tax credit regime or the "patent box" regime, or for any reason we are unable to qualify for such advantageous tax legislation, or we are unable to use net operating loss and tax credit carryforwards and certain built-in losses to reduce future tax payments then our business, results of operations and financial condition may be adversely affected.

Shareholder protections found in provisions under the UK City Code on Takeovers and Mergers, or the Takeover Code, will not apply if our place of central management and control remains outside of the United Kingdom (or the Channel Islands or the Isle of Man).

We believe that, as of the date of this prospectus, our place of central management and control is not in the United Kingdom (or the Channel Islands or the Isle of Man) for the purposes of the jurisdictional criteria of the Takeover Code. Accordingly, we believe that we are not currently subject to the Takeover Code and, as a result, our shareholders are not currently entitled to the benefit of certain takeover offer protections provided under the Takeover Code, including the rules regarding mandatory takeover bids.

In the event that this changes, or if the interpretation and application of the Takeover Code by the Panel on Takeovers and Mergers (Takeover Panel), changes (including changes to the way in which the Takeover Panel assesses the application of the Takeover Code to English companies whose shares are listed outside of the United Kingdom), the Takeover Code may apply to us in the future.

The Takeover Code provides a framework within which takeovers of companies which are subject to the Takeover Code are regulated and conducted. The following is a brief summary of some of the most important rules of the Takeover Code:

- in connection with a potential offer, if following an approach by or on behalf of a potential bidder, the company is "the subject of rumor or speculation" or there is an "untoward movement" in the company's share price, there is a requirement for the potential bidder to make a public announcement about a potential offer for the company, or for the company to make a public announcement about its review of a potential offer
- when any person, or group of persons acting in concert, acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares already held by that person and an interest in shares held or acquired by persons acting in concert with him or her) carry 30% or more of the voting rights of a company that is subject to the Takeover Code, that person is generally required to make a mandatory offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights in that company to acquire the balance of their interests in the company;
- when any person who, together with persons acting in concert with him or her, is interested in shares representing not less than 30% but does not hold more than 50% of the voting rights of a company that is subject to the Takeover Code, and such person, or any person acting in concert with him or her, acquires an additional interest in shares which increases the percentage of shares carrying voting rights in which he or she is interested, then such person is generally required to make a mandatory offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company;
- a mandatory offer triggered in the circumstances described in the two paragraphs above must be in cash (or be accompanied by a cash alternative) and at not less than the highest price paid within the preceding 12 months to acquire any interest in shares in the company by the person required to make the offer or any person acting in concert with him or her;
- in relation to a voluntary offer (i.e. any offer which is not a mandatory offer), when interests in shares representing 10% or more of the shares of a class have been acquired for cash by an offeror (i.e., a bidder) and any person acting in concert with it in the offer period and the previous 12 months, the offer must be in cash or include a cash alternative for all shareholders of that class at not less than the highest price paid for any interest in shares of that class by the offeror and by any person acting in concert with it in that period. Further, if an offeror, or any person acting in concert with them, acquires for cash any interest in shares during the offer period, a cash alternative must be made available at not less than the highest price paid for any interest in the shares of that class;
- if, after making an offer for a company, the offeror or any person acting in concert with them acquires an interest in shares in an offeree company (i.e., a target) at a price higher than the value of the offer, the offer must be increased to not less than the highest price paid for the interest in shares so acquired;
- the offeree company must appoint a competent independent adviser whose advice on the financial terms of the offer must be made known to all the shareholders, together with the opinion of the board of directors of the offeree company;
- special or favorable deals for selected shareholders are not permitted, except in certain circumstances where independent shareholder approval is given and the arrangements are regarded as fair and reasonable in the opinion of the financial adviser to the offeree;
- all shareholders must be given the same information;
- each document published in connection with an offer by or on behalf of the offeror or offeree must state that the directors of the offeror or the offeree, as the case may be, accept responsibility for the information contained therein;

- profit forecasts, quantified financial benefits statements and asset valuations must be made to specified standards and must be reported on by professional advisers;
- misleading, inaccurate or unsubstantiated statements made in documents or to the media must be publicly corrected immediately;
- actions during the course of an offer by the offeree company, which might frustrate the offer are generally prohibited unless shareholders approve these plans. Frustrating actions would include, for example, lengthening the notice period for directors under their service contract or agreeing to sell off material parts of the target group;
- stringent requirements are laid down for the disclosure of dealings in relevant securities during an offer, including the prompt disclosure of positions and dealing in relevant securities by the parties to an offer and any person who is interested (directly or indirectly) in 1% or more of any class of relevant securities; and
- employees of both the offeror and the offeree company and the trustees of the offeree company's pension scheme must be informed about an offer. In addition, the offeree company's employee representatives and pension scheme trustees have the right to have a separate opinion on the effects of the offer on employment appended to the offeree board of directors' circular or published on a website.

The rights of our shareholders may differ from the rights typically offered to shareholders of a U.S. corporation.

We are incorporated under the laws of England and Wales. The rights of holders of ordinary shares and, therefore, certain of the rights of holders of ADS, are governed by English law, including the provisions of the Companies Act, and by our articles of association. These rights differ in certain respects from the rights of shareholders in typical U.S. corporations. See "Description of Share Capital and Articles of Association — Differences in Corporate Law" in this prospectus for a description of the principal differences between the provisions of the Companies Act applicable to us and, for example, the Delaware General Corporation Law relating to shareholders' rights and protections.

The principal differences include the following:

- under English law and our articles of association, each shareholder present at a meeting has only one vote unless demand is made for a vote on a poll, in which case each holder gets one vote per share owned. Under U.S. law, each shareholder typically is entitled to one vote per share at all meetings;
- under English law, it is only on a poll that the number of shares determines the number of votes a holder may cast. You should be aware, however, that the voting rights of ADS are also governed by the provisions of a deposit agreement with our depositary bank;
- under English law, subject to certain exceptions and disapplications, each shareholder generally has preemptive rights to subscribe on a proportionate basis to any issuance of ordinary shares or rights to subscribe for, or to convert securities into, ordinary shares for cash. Under U.S. law, shareholders generally do not have preemptive rights unless specifically granted in the certificate of incorporation or otherwise;
- under English law and our articles of association, certain matters require the approval of 75% of the shareholders who vote (in person or by proxy) on the relevant resolution (or on a poll of shareholders representing 75% of the ordinary shares voting (in person or by proxy)), including amendments to the articles of association. This may make it more difficult for us to complete corporate transactions deemed advisable by our board of directors. Under U.S. law, generally only majority shareholder approval is required to amend the certificate of incorporation or to approve other significant transactions;
- in the United Kingdom, takeovers may be structured as takeover offers or as schemes of arrangement. Under English law, a bidder seeking to acquire us by means of a takeover offer would need to make an

offer for all of our outstanding ordinary shares/ADS. If acceptances are not received for 90% or more of the ordinary shares/ADS under the offer, under English law, the bidder cannot complete a "squeeze out" to obtain 100% control of us. Accordingly, acceptances of 90% of our outstanding ordinary shares/ADSs will likely be a condition in any takeover offer to acquire us, not 50% as is more common in tender offers for corporations organized under Delaware law. By contrast, a scheme of arrangement, the successful completion of which would result in a bidder obtaining 100% control of us, requires the approval of a majority of shareholders voting at the meeting and representing 75% of the ordinary shares voting for approval; and

- under English law and our articles of association, shareholders and other persons whom we know or have reasonable cause to believe are, or have been, interested in our shares may be required to disclose information regarding their interests in our shares upon our request, and the failure to provide the required information could result in the loss or restriction of rights attaching to the shares, including prohibitions on certain transfers of the shares, withholding of dividends and loss of voting rights. Comparable provisions generally do not exist under U.S. law.

As an English public limited company, certain capital structure decisions will require shareholder approval, which may limit our flexibility to manage our capital structure.

English law provides that a board of directors may only allot shares (or grant rights to subscribe for or to convert any security into shares) with the prior authorization of shareholders, either pursuant to an ordinary resolution or as set out in the articles of association. This authorization must state the aggregate nominal amount of shares that it covers, can be valid up to a maximum period of five years and can be varied, renewed or revoked by shareholders. Such authority from our shareholders to allot additional shares for a period of five years from 2021 was included in the ordinary resolution passed by our shareholders on , 2021, which authorization will need to be renewed upon expiration (i.e., at least every five years) but may be sought more frequently for additional five-year terms (or any shorter period).

English law also generally provides shareholders with preemptive rights when new shares are issued for cash. However, it is possible for the articles of association, or for shareholders to pass a special resolution at a general meeting, being a resolution passed by at least 75% of the votes cast, to disapply preemptive rights. Such a disapplication of preemptive rights may be for a maximum period of up to five years from the date of adoption of the articles of association, if the disapplication is contained in the articles of association, but not longer than the duration of the authority to allot shares to which this disapplication relates or from the date of the shareholder special resolution, if the disapplication is by shareholder special resolution. In either case, this disapplication would need to be renewed by our shareholders upon its expiration (i.e., at least every five years). Such authority from our shareholders to disapply preemptive rights for a period of five years was included in the special resolution passed by our shareholders on , 2021, which disapplication will need to be renewed upon expiration (i.e., at least every five years) to remain effective, but may be sought more frequently for additional five-year terms (or any shorter period).

English law also generally prohibits a public company from repurchasing its own shares without the prior approval of its shareholders by ordinary resolution, being a resolution passed by a simple majority of votes cast, and other formalities. Such approval may be provided for a maximum period of up to five years. In addition, a public company can only affect a buyback of shares out of distributable profits or a fresh issue of shares and cannot do so out of capital.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the sections titled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations of Centessa Pharmaceuticals Limited," "Management's Discussion and Analysis of Financial Condition and Results of Operations of The Centessa Predecessor Group and Certain Other Acquired Entities" and "Business," contains forward-looking statements that are based on our management's views, beliefs, intentions, expectations and assumptions based on information currently available to our management. Although we believe that the beliefs, intentions and expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue" or the negative of these terms or other comparable terminology. Forward-looking statements in this prospectus include, but are not limited to, statements about:

- the initiation, timing, progress and results of our preclinical studies and clinical trials, and our research and development programs;
- our ability to advance our product candidates into, and successfully complete, clinical trials;
- our reliance on the success of our product candidates and our pipeline programs;
- our ability to utilize our screening platform to identify and advance additional product candidates into clinical development;
- our ability to become the partner of choice to attract founder-subject matter experts with high conviction programs;
- the timing or likelihood of regulatory filings and approvals;
- the impact of the ongoing COVID-19 pandemic on our business and operations;
- the commercialization of our product candidates, if approved;
- our ability to develop sales and marketing capabilities;
- the pricing, coverage and reimbursement of our product candidates, if approved;
- the implementation of our business model, strategic plans for our business, product candidates and technology;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our product candidates and technology;
- our ability to operate our business without infringing the intellectual property rights and proprietary technology of third parties;
- cost associated with defending intellectual property infringement, product liability and other claims;
- regulatory development in the United States, the European Union, the United Kingdom and other jurisdictions;
- estimates of our expenses, future revenues, capital requirements and our needs for additional financing;
- the potential benefits of strategic collaboration agreements and our ability to enter into strategic arrangements;

- our ability to maintain and establish collaborations or obtain additional funding;
- the rate and degree of market acceptance of any approved products;
- developments relating to our competitors and our industry, including competing therapies;
- our ability to effectively manage our anticipated growth;
- our ability to attract and retain qualified employees and key personnel;
- our expectations regarding the period during which we qualify as an emerging growth company under the JOBS Act;
- statements regarding future revenue, hiring plans, expenses, capital expenditures, capital requirements and share performance;
- our expected use of proceeds of this offering;
- the future trading price of the ADSs and impact of securities analysts' reports on these prices; and
- other risks and uncertainties, including those listed under the caption "Risk Factors."

Forward-looking statements are only predictions. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond our control and which could materially affect results. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under "Risk Factors" and elsewhere in this prospectus. If one or more of these risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual events or results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future performance. You should read this prospectus and the documents that we reference in this prospectus and have filed with the SEC as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from any future results expressed or implied by these forward-looking statements.

The forward-looking statements in this prospectus represent our management's views as of the date of this prospectus. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. You should therefore not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this prospectus.

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

MARKET, INDUSTRY AND OTHER DATA

This prospectus contains estimates, projections and other information concerning our industry, our business and the markets for our product candidates. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from our own internal estimates and research as well as from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources.

In addition, assumptions and estimates of our and our industry's future performance are necessarily 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 our future performance to differ materially from those expressed in the industry publications, as well as from our assumptions and estimates. See the section titled "Special Note Regarding Forward-Looking Statements."

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of ADSs in this offering will be approximately $ million based upon an assumed initial public offering price of $ per ADS, which is the midpoint of the price range set forth on the cover of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their option to purchase additional ADSs in full, we estimate that our net proceeds will be approximately $ million, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per ADS would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming the number of ADSs 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. Similarly, each increase (decrease) of 1,000,000 ADSs offered by us would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming the assumed initial public offering price 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 create a public market for the ADSs and to facilitate our future access to the public equity markets and obtain additional capital. We currently expect to use the net proceeds from this offering, together with our existing cash, as follows:

- approximately $ million to fund the continuation of the lixivaptan Phase 3 safety study (ALERT) and initiation of a Phase 3 pivotal trial (ACTION);
- approximately $ million for the initiation of Phase 2 clinical trials for imgatuzumab;
- approximately $ million for the completion of the ongoing Phase 1 clinical trial for ZF874 and initiation of future clinical studies for ZF874; IND enabling studies and initiation of Phase 1 for ZF887;
- approximately $ million for the completion of ongoing Phase 2a clinical trial and initiation of future clinical trials for SerpinPC;
- approximately $ million to fund continued development of the other programs in our pipeline, including designing and conducting preclinical studies and clinical trials, as well as funding discovery, manufacturing, research and development; and
- the remainder for working capital, and other general corporate purposes, including the build out and ongoing staffing and systems expenses related to our centralized operational and R&D support functions and the integration of operations at the Centessa Subsidiaries into our larger organization, including the harmonization of operational, legal, financial and management controls, reporting systems and procedures, as well as to fund the acquisition of, and drug development activities related to, new programs; although we have no material agreements, commitments or understandings with respect to any in-license or acquisition, we have and plan to continue to evaluate such opportunities and engage in related discussions with other business entities from time to time.

This expected use of the net proceeds from this offering and our existing cash represents our intentions based upon our current plans and business conditions. As of the date of this prospectus, we cannot predict with certainty all of the particular uses for the net proceeds to be received upon the completion of this offering or the amounts that we will actually spend on the uses set forth above. We currently expect that our cash resources, together with the net proceeds of this offering, will enable us to fund operations until . The amounts and timing of our actual expenditures and the extent of clinical development may vary significantly depending on numerous factors, including the progress of our development efforts, the status of and results from preclinical

studies and any ongoing clinical trials or clinical trials we may commence in the future, as well as any collaborations that we may enter into with third parties for our product candidates and any unforeseen cash needs. As a result, our management will retain broad discretion over the allocation of the net proceeds from this offering and may change the allocation of use of these proceeds among the uses described above. An investor will not have the opportunity to evaluate the economic, financial or other information on which we base our decisions on how to use the proceeds.

Pending our use of the net proceeds from this offering, we intend to invest the net proceeds in a variety of capital preservation investments, including short-term, investment-grade, interest-bearing instruments, or hold as cash.

DIVIDEND POLICY

We have not declared or paid any dividends to our shareholders on our ordinary shares or our convertible preferred shares. We currently intend to retain all available funds and any 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. Investors should not purchase the ADSs with the expectation of receiving cash dividends.

Any future determination to pay dividends will be made at the discretion of our board of directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our board of directors may deem relevant. In addition, our ability to pay dividends may be limited under English law. See "Risk Factors—We do not intend to pay dividends on our ordinary shares, so any returns will be limited to the value of our ordinary shares or ADSs." If we pay any dividends, ADS holders will generally have the right to receive the dividends paid on the underlying ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See "Description of American Depositary Shares." Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

SHARE CAPITAL REORGANIZATION AND RE-REGISTRATION

Centessa Pharmaceuticals Limited was incorporated under the laws of England and Wales on October 26, 2020 as a private company with limited liability, under the name United Medicines Biopharma Limited, with nominal assets and liabilities for the purpose of acquiring the Centessa Subsidiaries. The Centessa Subsidiaries were incorporated at various times within the period from 2013 to 2019, and have historically operated as independent companies. Pursuant to the terms of contribution agreements in respect of each Centessa Subsidiary dated December 31, 2021 in the case of PearlRiver Bio (as amended from time to time) and January 23, 2021 in the case of all other Centessa Subsidiaries (other than Palladio Biosciences), all shareholders of each of the Centessa Subsidiaries (other than Palladio Biosciences) exchanged the shares held by them in the relevant Centessa Subsidiary for newly issued B ordinary shares of Centessa Pharmaceuticals Limited and, as a result, each of the Centessa Subsidiaries (other than Palladio Biosciences) became a wholly owned subsidiary of Centessa Pharmaceuticals Limited, the issuer in this offering. On the same date, Palladio Biosciences merged with UPM Merger Sub, Inc. (a subsidiary of Centessa incorporated for the purposes of merging with Palladio Biosciences) pursuant to a merger agreement. Palladio Biosciences was the surviving entity of the merger and thereby became a wholly owned subsidiary of Centessa Pharmaceuticals.

In connection with this offering, we intend to re-register Centessa Pharmaceuticals Limited as an English public limited company and rename it as Centessa Pharmaceuticals plc. Therefore, investors in this offering will only acquire, and this prospectus only describes the offering of, ADSs representing ordinary shares of Centessa Pharmaceuticals plc.

We refer to the reorganization, pursuant to which each of the Centessa Subsidiaries became a wholly owned subsidiary of Centessa Pharmaceuticals Limited, and the subsequent re-registration of Centessa Pharmaceuticals Limited as a public limited company to be renamed Centessa Pharmaceuticals plc and reorganization of shares in Centessa Pharmaceuticals plc, as our "Reorganization."

The Reorganization is taking place in several steps.

Founding of Centessa

Centessa Pharmaceuticals Limited was incorporated on October 26, 2020 with a single subscriber share (being one Ordinary Share of £1) issued to an individual associated with Medicxi.

On November 17, 2020, Centessa Pharmaceuticals, Inc. was incorporated in Delaware as a wholly owned subsidiary of Centessa under the name of United Medicines Biopharma US Inc. Centessa Pharmaceuticals, Inc. was incorporated to be Centessa's operating company in the US.

On November 24, 2020, Centessa Limited was incorporated in England and Wales as a private company with limited liability and a wholly subsidiary of Centessa under the name of United Medicines Biopharma (Midco) Limited with company number 13040752 for the purposes of becoming the direct holding company of the Centessa Subsidiaries.

On November 27, 2020, the one Ordinary Share of £1 held by an individual associated with Medicxi was sub-divided into 1,000 Ordinary Shares of £0.001 each; and Centessa issued 13,495,000 Ordinary Shares to individuals associated with Medicxi and on 2 December 2020, Centessa issued 1,504,000 further Ordinary Shares to the Index Foundation. Each of the 15,000,000 Ordinary Shares were redesignated as A Ordinary Shares in connection with the closing of the Crossover Investment (as defined below) on January 29, 2021 and 8,900,00 A Ordinary Shares were acquired for nominal value and cancelled by Centessa.

On December 29, 2020, Centessa entered into a convertible loan agreement with Medicxi Growth I LP and Medicxi Growth Co-Invest I LP (collectively Medicxi Growth), whereby the Company issued $5.0 million of

unsecured convertible term notes to Medicxi Growth (the Convertible Notes). The Convertible Notes converted into an aggregate 1,136,363 Series A Shares at a subscription price of $4.399999824 in connection with the closing of the Crossover Investment on January 29, 2021.

Contributions of Subsidiary Company Shares in Exchange for B Ordinary Shares of Centessa Pharmaceuticals Limited

Pursuant to the terms of contribution agreements in respect of each Centessa Subsidiary dated December 31, 2020 in the case of PearlRiver Bio (as amended from time to time) and January 23, 2021 in the case of all other Centessa Subsidiaries (other than Palladio Biosciences), all shareholders of each of the Centessa Subsidiaries (other than Palladio Biosciences) exchanged the shares held by them in the relevant Centessa Subsidiary for newly issued B ordinary shares of Centessa Pharmaceuticals Limited and, as a result, each of the Centessa Subsidiaries (other than Palladio Biosciences) became a wholly owned subsidiary of Centessa Pharmaceuticals Limited. As a result of the transactions contemplated by the Contribution Agreements, on January 29, 2021, Centessa simultaneously acquired 100% of the outstanding equity of the ten entities set out below, in each case in exchange for B ordinary shares in the capital of Centessa. Those Centessa Subsidiaries acquired by Centessa pursuant to the Contribution Agreements are:

1. ApcinteX Limited (“ApcinteX”);
2. Capella Bioscience Limited (“Capella”);
3. Inexia Limited (“Inexia”);
4. Janpix Limited (“Janpix”);
5. LockBody Therapeutics Ltd (“LockBody”);
6. Morphogen-IX Limited (“Morphogen-IX”);
7. Orexia Limited (“Orexia”);
8. PearlRiver Bio GmbH (“Pearl River”);
9. Pega-One SAS (“PegaOne”); and
10. Z Factor Limited (“Z Factor”).

On January 23, 2021, Palladio Biosciences entered into an agreement and plan of reorganization (the Merger Agreement) with Centessa UPM Merger Sub, Inc. (a subsidiary of Centessa incorporated in Delaware for the purposes of merging with Palladio Biosciences). Pursuant to the Merger Agreement, UPM Merger Sub, Inc. merged with and into Palladio Biosciences as the surviving corporation with the shareholders of Palladio receiving B ordinary shares of Centessa and certain Contingent Value Rights.

On January 29, 2021, immediately following the completion of the acquisition of the Centessa Subsidiaries, the entire issued share capital of each of the Centessa Subsidiaries (other than PearlRiver Bio, Pega-One and Palladio) held by Centessa was re-designated into a single class of ordinary shares.

Crossover Investment

On January 29, 2021, Centessa issued 44,545,456 Series A preferred shares to new investors in exchange for $245 million of gross proceeds (the Crossover Investment). In connection with the Crossover Investment, the Convertible Notes were converted into 1,136,363 Series A preferred shares of Centessa.

Orexia Therapeutics Limited and Inexia Limited business combination

Due to the overlapping therapeutic focus of our Centessa subsidiaries, Orexia Therapeutics Limited and Inexia Limited, we determined it to be in the best interest of both entities to combine the business of Orexia Therapeutics Limited and Inexia Limited. The combination was implemented by the transfer of the business and assets of Inexia Limited to Orexia Therapeutics Limited. The business combination was implemented on , 2021.

Capital Reduction and Re-designation of the Shares in Centessa

Pursuant to part 17 of the Companies Act, on , 2021, Centessa reduced the nominal value of each of its B ordinary shares from £1.50 to £0.001 and cancelled the full amount standing to the credit of its share premium reserve pursuant to a capital reduction supported by a directors' solvency statement. The capital reduction was carried out to create distributable reserves in Centessa to support future distributions. Following the capital reduction, Centessa re-designated all of the A Ordinary Shares and B Ordinary Shares into a single class of ordinary shares with a nominal value of £0.0001 in order to simplify its capital structure.

Sale of the Centessa Subsidiaries to Centessa Limited

On , 2021, Centessa exchanged all of the shares of the Centessa Subsidiaries for ordinary shares of our wholly-owned subsidiary, Centessa Limited, pursuant to the terms of a share exchange agreement in order to insert an intermediate holding company between Centessa and each of the Centessa Subsidiaries.

Re-registration of Centessa Pharmaceuticals Limited as Centessa Pharmaceuticals plc

On , 2021, we altered the legal status of our company under English law from a private limited company by re-registering Centessa Pharmaceuticals Limited as a public limited company and renaming it to Centessa Pharmaceuticals plc. Such re-registration required the passing of special resolutions by the shareholders of Centessa Pharmaceuticals Limited to approve the re-registration as a public company, the name change to Centessa Pharmaceuticals plc and the adoption of new articles of association for Centessa Pharmaceuticals plc.

Re-designation and Consolidation of Shares in Centessa Pharmaceuticals Limited

Immediately prior to and conditional on the completion of this offering, and as the final step of the Reorganization, all of Centessa's outstanding Series A preferred shares of nominal value £0.001 each will be converted on a one-to-one basis into an aggregate of 45,681,819 ordinary shares of nominal value £0.001 each.

Following this, Centessa will undertake a -for-one reverse share split of all of Centessa's ordinary shares of nominal value £ each. The fractional entitlements resulting from the reverse split will be consolidated into a single deferred shares of £ and transferred to us for no consideration and subsequently cancelled. These actions taken together are described in this registration statement as our "reverse share split" and will take effect immediately prior to and conditional on completion of this offering. Our reverse share split will not alter the proportionate shareholding of any of our existing shareholders (save for the consolidation of fractional entitlements). The steps described in this paragraph will require ordinary and special resolutions of our shareholders to be passed at a general meeting. For further detail regarding these required resolutions, please see "Description of share capital and articles of association."

Therefore, upon the consummation of the Reorganization and prior to the completion of this offering, assuming an initial public offering price of $ per ADS, the current shareholders of Centessa will hold an aggregate of ordinary shares in Centessa. In the event of a $1.00 increase in the assumed initial public offering price per ADS, the current shareholders of Centessa will hold an aggregate of ordinary shares in Centessa. In the event of a $1.00 decrease in the assumed initial public offering price per ADS, the current shareholders of Centessa will hold an aggregate of ordinary shares in Centessa.

Certain further resolutions will be required to be passed by the shareholders of Centessa Pharmaceuticals Limited prior to the completion of this offering.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2021 on:

- an actual basis;
- a pro forma basis to give effect to the automatic conversion of all outstanding convertible preferred shares, into an aggregate of 45,681,819 ordinary shares upon the completion of this offering; and
- on a pro forma as adjusted basis giving effect to the pro forma adjustments set forth above and to give further effect to the sale of ADSs in this offering.

The pro forma as adjusted calculations assume an initial public offering price of $ per ADS, which is the midpoint of the 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.

You should read this information together with our financial statements and related notes appearing elsewhere in this prospectus and the information set forth under the sections titled “Selected Financial Data,” “Use of Proceeds,” and “Management’s Discussion and Analysis of Financial Condition and Results Of Operations of Centessa Pharmaceuticals Limited” and “Management’s Discussion and Analysis of Financial Condition and Results Of Operations of The Centessa Predecessor Group and Certain Other Acquired Entities.”

	As of March 31, 2021		
	Actual	Pro Forma	Pro Forma As Adjusted
		(in thousands)	
Cash and cash equivalents	$ 298,612	$ 298,612	$
Loan with related party	291	291	
Shareholders' (deficit) equity:			
Preferred Series A, £0.001 nominal value, 45,681,819 shares authorized, issued and outstanding, actual; £0.01 nominal value, 45,681,819 shares authorized, no shares issued and outstanding pro forma and pro forma as adjusted	247,847	—	
A Ordinary shares, £0.001 nominal value, 15,000,000 shares authorized, 6,200,000 shares issued and outstanding, actual; £0.01 nominal value, 166,779,420 shares authorized and 51,881,819 shares issued and outstanding pro forma; £0.01 nominal value, share authorized and shares issued and outstanding pro forma as adjusted	9	724	
B Ordinary shares, £1.50 nominal value, shares authorized and 89,889,362 shares outstanding, actual; £1.50 nominal value, shares authorized and 89,889,362 shares outstanding, pro forma and pro forma as adjusted	184,789	184,789	
Additional paid-in capital	87,131	334,263	
Accumulated other comprehensive loss	2,131	2,131	
Accumulated deficit	(243,273)	(243,273)	
Total shareholders' equity	278,634	278,634	
Total capitalization	$ 278,925	$ 278,925	$

The number of ordinary shares outstanding in the table above does not include:

- 15,153,640 ordinary shares issuable upon the exercise of options to subscribe for ordinary shares outstanding as of March 31, 2021 at a weighted average exercise price of $2.86 per ordinary share;
- 386,643 unvested B ordinary shares;
- ordinary shares that will be made available for future issuance under our 2021 Share Option Plan upon the effectiveness of the registration statement of which this prospectus forms a part; and
- ordinary shares that will be made available for future issuance under our 2021 Employee Share Purchase Plan, upon the effectiveness of the registration statement of which this prospectus forms a part.

DILUTION

If you invest in the ADSs in this offering, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and the pro forma as adjusted net tangible book value per ordinary share/ADS immediately after this offering. Dilution results from the fact that the initial public offering price per ADS is substantially in excess of the net tangible book value per ordinary share/ADS.

Our net tangible book value as of March 31, 2021 was $271.8 million, or $2.83 per ordinary share/ADS. Net tangible book value represents our total assets less our total liabilities and net tangible book value per share as of March 31, 2021 represents net tangible book value divided by the 96,089,362 ordinary shares outstanding as of that date.

Our pro forma net tangible book value as of March 31, 2021 was $271.8 million, or $1.92 per ordinary share/ADS. Pro forma net tangible book value per share is calculated after giving effect to the automatic conversion of all outstanding convertible preferred shares, into an aggregate of 45,681,819 ordinary shares upon the completion of this offering.

After giving further effect to our issuance and sale of ADSs in this offering at the assumed initial public offering price of $ per ADS, the midpoint of the 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, our pro forma as adjusted net tangible book value as of March 31, 2021 would have been $ million, or $ per share/ADS.

This represents an immediate increase in pro forma as adjusted net tangible book value per ordinary share of $ to existing shareholders and immediate dilution in pro forma as adjusted net tangible book value per ADS of $ to new investors purchasing ADSs in this offering. Dilution per ADS to new investors is determined by subtracting pro forma as adjusted net tangible book value per ADS after this offering from the initial public offering price per ADS paid by new investors. The following table illustrates this dilution:

Assumed initial public offering price		$
Historical net tangible book value per ADS as of March 31, 2021	$ 2.83	
Pro forma decrease in net tangible book value per ADS as of March 31, 2021	(0.91)	
Pro forma net tangible book value per ADS as of March 31, 2021	1.92	
Increase in pro forma net tangible book value per ADS attributable to new investors		
Pro forma as adjusted net tangible book value per ADS after this offering		
Dilution per ADS to investors participating in this offering		$

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the dilution to new investors by $ per ADS, assuming the number of ADSs 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 expenses payable by us. We may also increase or decrease the number of ADSs we are offering. An increase of 1,000,000 ADSs offered by us would decrease the dilution to new investors by $ per ADS, assuming the assumed initial public offering price remains the same and after deducting estimated underwriting discounts and commissions and estimated expenses payable by us. A decrease of 1,000,000 ADSs offered by us would increase the dilution to new investors by $ per ADS, assuming the assumed initial public offering price remains the same and after deducting estimated underwriting discounts and commissions and estimated expenses payable by us.

If the underwriters exercise their option to purchase additional ADSs in full, the pro forma as adjusted net tangible book value would be $ per ordinary share/ADS, and the dilution in pro forma as adjusted net tangible book value to investors in this offering would be $ per ADS.

The following table summarizes, on a pro forma as adjusted basis as of December 31, 2020, the differences between existing shareholders, including holders of our convertible preferred shares, and new investors with respect to the number of ordinary shares (in the form of ADSs or shares) purchased from us, the total consideration paid and the average price per ordinary share/ADS paid before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, at an assumed initial public offering price of $ per ADS, which is the midpoint of the price range set forth on the cover of this prospectus.

The total number of ordinary shares does not include ordinary shares underlying the ADSs issuable upon the exercise of the option to purchase additional ADSs granted to the underwriters.

	Ordinary Shares (ADSs) Purchased		Total Consideration		Average Price per Ordinary
	Number	Percent	Amount	Percent	Share/ADS
Existing shareholders		%	$	%	$
New investors		%		%	$
Total		100%	$	100%	

If the underwriters exercise in full their option to purchase additional ADSs, the percentage of ordinary shares/ADSs held by existing shareholders would be reduced to % of the total number of ordinary shares/ADSs outstanding after the offering, and the number of ordinary shares/ADSs held by investors participating in the offering would be increased to % of the total number of ordinary shares/ADSs outstanding after the offering.

A $1.00 increase or decrease in the assumed initial offering price of $ per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease total consideration paid by new investors by $ million, assuming that the number of ADSs offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting the estimated underwriting commissions and estimated offering expenses payable by us.

The number of shares to be outstanding after this offering is based on 96,089,362 ordinary shares outstanding as of March 31, 2021 and gives further effect to the automatic conversion of all outstanding convertible preferred shares, into an aggregate of 45,681,819 ordinary shares upon the completion of this offering, and excludes:

- 15,153,640 ordinary shares issuable upon the exercise of options to subscribe for ordinary shares outstanding as of March 31, 2021 at a weighted average exercise price of $2.86 per ordinary share;
- 386,643 unvested B ordinary shares;
- ordinary shares that will be made available for future issuance under our 2021 Share Option Plan upon the effectiveness of the registration statement of which this prospectus forms a part; and
- ordinary shares that will be made available for future issuance under our 2021 Employee Share Purchase Plan, upon the effectiveness of the registration statement of which this prospectus forms a part.

The pro forma information discussed above is illustrative only. Our net tangible book value following the closing of this offering is subject to adjustment based on the actual initial public offering price of the ADSs and other terms of this offering determined at pricing.

To the extent that outstanding options are exercised, you will experience further dilution. In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of these securities may result in further dilution to our shareholders.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On January 29, 2021, Centessa Pharmaceuticals Limited ("Centessa" or the "Company") acquired the equity of eleven entities ("Contributed Companies") in which the equity in each entity was contributed (or otherwise transferred by way of merger) to a new holding company, Centessa, in exchange for Centessa ordinary shares (the "Acquisition"). Three of the Contributed Companies form the Centessa Predecessor Group. Concurrent with the above transactions, Centessa completed a Series A preferred equity financing, whereby Centessa received gross proceeds of $250.0 million comprised of $245.0 million in proceeds from the sale of its Series A preferred shares and the conversion of $5.0 million in convertible debt (the "Financing").

The unaudited pro forma condensed combined financial statements are based on the historical financial statements of Centessa Pharmaceuticals Limited, Centessa Predecessor Group (the "Centessa Predecessor") and the other acquired entities (the "Residual Entities"), as adjusted to give effect to the Acquisition and the Financing. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2020 and three months ended March 31, 2021 give pro forma effect to the Acquisition and Financing as if they had occurred on January 1, 2020. An unaudited pro forma condensed combined balance sheet is not required as the Acquisition and the Financing are reflected in the unaudited historical consolidated balance sheet of Centessa ("Successor") as of March 31, 2021.

The unaudited pro forma condensed combined financial statements were prepared in accordance with Article 11 of SEC Regulation S-X, as amended by the final rule, Release No. 33-10786 *"Amendments to Financial Disclosures about Acquired and Disposed Businesses."* Release No. 33-10786 replaces the existing pro forma adjustment criteria with simplified requirements to depict the accounting for the transaction ("Transaction Accounting Adjustments") and present the reasonably estimable synergies and other transaction effects that have occurred or reasonably expected to occur ("Management's Adjustments"). Centessa has elected not to present Management's Adjustments and will only be presenting Transaction Accounting Adjustments for the Acquisition and the Financing in the unaudited pro forma condensed combined statements of operations. The adjustments presented in the unaudited pro forma condensed combined statements of operations have been identified and presented to provide relevant information necessary for an understanding of the combined company upon consummation of the Acquisition and Financing.

The unaudited pro forma condensed combined statements of operations have been derived from and should be read in conjunction with:

- the accompanying notes to the unaudited pro forma condensed combined financial information;
- the historical audited financial statements of Centessa Pharmaceuticals Limited as of December 31, 2020 and for the period from October 26, 2020 (inception) through December 31, 2020 and the related notes included elsewhere in this prospectus;
- the historical audited financial statements of the Centessa Predecessor Group, as of and for the year ended December 31, 2020 and the related notes included elsewhere in this prospectus;
- the historical audited financial statements of the Residual Entities as of and for the year ended December 31, 2020 and the related notes included elsewhere in this prospectus;
- The historical unaudited financial statements of the Centessa Predecessor Group (Predecessor) for the period from January 1, 2021 through January 29, 2021, the unaudited interim consolidated financial statements of Centessa Pharmaceuticals Limited for the period from January 1, 2021 through January 29, 2021 and the unaudited interim consolidated financial statements of Centessa Pharmaceuticals Limited (Successor) for the period from January 30, 2021 through March 31, 2021 and related notes included elsewhere in this prospectus; and
- the sections entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Centessa Pharmaceuticals Limited*," "*Management's Discussion and Analysis of Financial Condition and Results of Operation of The Centessa Predecessor Group and Certain Other Acquired Entities,"* and other financial information included elsewhere in this prospectus.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The unaudited pro forma condensed combined statements of operations are for illustrative purposes only and are not necessarily indicative of what the actual results of operations would have been had the Acquisition and Financing taken place on the dates indicated, nor are they indicative of the future consolidated results of operations of the combined company.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(in thousands, except share and per share data)

	Historical Centessa Pharmaceuticals Limited	Historical Centessa Predecessor Group	Historical Other Acquired Entities	Transaction Accounting Adjustments		Pro forma Statement of Operations
Operating expenses:						
Research & development	$ —	$ 9,301	$ 25,536	$ 6,301	4a	$ 41,138
Acquired in-process research and development	—	—	3,164	—		3,164
General and administrative	3,139	1,139	6,448	(3,139)	4b	7,587
Total operating expenses	3,139	10,440	35,148	3,162		51,889
Loss from operations	(3,139)	(10,440)	(35,148)	(3,162)		(51,889)
Interest income (expense), net	(2)	(68)	(924)	994	4c	—
Amortization of debt discount	(8)	(310)	(2,386)	2,704	4c	—
Change in fair value of derivative liability	—	(186)	(1,067)	1,253	4c	—
Gain on extinguishment of debt	—	341	—	—		341
Foreign currency loss	—	—	(36)	—		(36)
Net loss	$ (3,149)	$ (10,663)	$(39,561)	$ 1,789		$ (51,584)
Net loss per ordinary share – basic and diluted	$ (0.40)					$ (0.54)
Weighted average ordinary shares – basic and diluted	7,836,299				4d	96,067,339

See accompanying notes to the unaudited pro forma condensed combined financial information.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(in thousands, except share and per share data)

	Historical* Centessa Pharmaceuticals Limited	Historical Centessa Predecessor Group	Historical Other Acquired Entities	Transaction Accounting Adjustments		Pro forma Statement of Operations
Operating expenses:						
Research & development	$ 10,142	$ 600	$ 2,520	$ 40	4a	$ 13,302
Acquired in-process research and development	220,454	—	—	(220,454)	4b	—
General and administrative	8,279	121	852	—		9,252
Total operating expenses	238,875	721	3,372	(220,414)		22,554
Loss from operations	(238,875)	(721)	(3,372)	220,414		(22,554)
Interest income (expense), net	(3)	(9)	—	12	4c	—
Amortization of debt discount	(825)	(37)	—	862	4c	—
Change in fair value of derivative liability	(415)	—	—	415	4c	—
Gain on extinguishment of debt	—	—	—	—		—
Foreign currency loss	(6)	—	—	—		(6)
Net loss	$ (240,124)	$ (767)	$ (3,372)	$ 221,703		$ (22,560)
Net loss per ordinary share – basic and diluted	$ (2.50)					$ (0.23)
Weighted average ordinary shares – basic and diluted	96,022,496				4d	96,222,263

See accompanying notes to the unaudited pro forma condensed combined financial information.

* The historical unaudited pro forma condensed combined statement of operations for Centessa Pharmaceuticals Limited presented reflects a combination of the consolidated results of operations of Centessa Pharmaceuticals Limited, as Successor, for the period from January 30, 2021 through March 31, 2021, plus the pre-Acquisition results of operations for Centessa Pharmaceuticals Limited for the period from January 1, 2021 through January 29, 2021.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. Description of the Acquisition

On January 23, 2021, ten entities entered into a contribution agreement with Centessa (the "Contribution Agreements") and one entity, Palladio Biosciences, Inc. ("Palladio"), entered into an agreement and plan of reorganization with Centessa and the other parties thereto (the "Merger Agreement", and together with the Contribution Agreements, the "Transfer Agreements"). All eleven of the entities are pre-revenue development stage biotechnology companies.

As a result of the transactions contemplated by the Transfer Agreements, on January 29, 2021, Centessa simultaneously acquired 100% of the outstanding equity of the eleven entities, in each case in exchange for ordinary shares in the capital of Centessa (and, in the case of the Palladio acquisition, certain contingent value rights for ordinary shares in the capital of Centessa). The Contributed Companies acquired by Centessa as part of the Acquisition are as follows (individually a "Contributed Company"; collectively the "Contributed Companies"):

1. ApcinteX Limited ("ApcinteX");
2. Capella Bioscience Limited ("Capella");
3. Inexia Limited ("Inexia");
4. Janpix Limited ("Janpix");
5. LockBody Therapeutics Ltd ("LockBody");
6. Morphogen-IX Limited ("Morphogen-IX");
7. Orexia Limited ("Orexia");
8. Palladio Biosciences, Inc;
9. PearlRiver Bio GmbH ("Pearl River");
10. Pega-One SAS ("Pega-One"); and
11. Z Factor Limited ("Z Factor")

Concurrent with the Acquisition, Centessa completed a Series A preferred equity financing, whereby Centessa received gross proceeds of $250.0 million comprised of $245.0 million in proceeds from the sale of its Series A preferred shares and the conversion of $5.0 million in convertible debt.

2. Basis of Pro Forma Presentation

Centessa was formed on October 26, 2020, with the acquisition of the Contributed Companies occurring on January 29, 2021. Prior to the acquisition, Centessa's operations were not significant relative to the Contributed Companies. Accordingly, the Company determined that Centessa should not be presented as the predecessor for purposes of satisfying the historical audited financial statement requirement in this prospectus. The Company determined that certain entities under common control, pursuant to Accounting Standards Codification 810, could be included in a set of combined financial statements. Those entities, referred to as the Centessa Predecessor Group were Z Factor, LockBody, and Morphogen-IX. In addition, fair value indicators clearly point to the Centessa Predecessor Group entities as being the predecessor, as the combined value of that group is more than 50% higher (as a percentage) than the next Contributed Company or group of Contributed Companies under common control.

Management has made significant estimates and assumptions in its determination of the pro forma adjustments. As the unaudited pro forma condensed combined statements of operations have been prepared based on these preliminary estimates, the final amounts recorded may differ materially from the information presented.

The pro forma adjustments reflecting the consummation of the Acquisition and Financing are based on certain currently available information and certain assumptions and methodologies that Centessa believes are reasonable under the circumstances. The pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments, and it is possible the difference may be material. Centessa believes that its assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Acquisition and Financing based on information available to management at this time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined statements of operations.

The historical financial information has been adjusted to give effect to matters that are (i) directly attributable to the Acquisition and Financing, (ii) factually supportable and (iii) expected to have a continuing impact on the operating results of the combined company. The unaudited pro forma condensed combined statements of operations do not give effect to any anticipated synergies, operating efficiencies, tax savings, or cost savings that may be associated with the Acquisition. Centessa and the acquired entities have not had any historical relationship prior to the Acquisition. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

The Acquisition has been treated as eleven individual asset acquisitions, with the Company as the accounting acquirer. In accordance with U.S. GAAP the Company must first assess whether an integrated set of assets and activities should be accounted for as an acquisition of a business or an asset acquisition. The U.S. GAAP guidance requires an initial screen test to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If that screen is met, the set is not considered a business and is accounted for as an asset acquisition. If the screen is not met, the Company must then evaluate whether the set meets the requirement that a business include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The Company determined that none of the Contributed Companies meet the definition of a business due to one of the following conclusions, (1) substantially all of the fair value of the entity is concentrated in the acquired in-process research and development (“IPR&D”) asset, or (2) the entity did not have the requisite inputs and substantive processes to be considered a business.

3. Consideration transferred and purchase price allocation.

a) Total Consideration Transferred

Under the terms of the Acquisition, Centessa acquired the Contributed Companies for total consideration of $289.9 million calculated as follows:

	(in thousands, except share and per share data)	
Total ordinary shares issued	89,516,188	i.
Centessa Pharmaceuticals Limited share price	$ 2.92	i.
Stock portion of the consideration transferred	$ 261,387	i.
Fair value of contingent consideration	22,618	ii.
Fair value of replacement equity awards allocated to consideration	1,310	iii.
Transaction costs	4,597	iv.
Total consideration transferred	$ 289,912	

i. The fair value of the ordinary shares issued was $261.4 million. In the absence of a public trading market for Centessa ordinary shares, the Company estimated the fair value of Centessa ordinary shares based on the information known to the Company on the acquisition date, upon a review of any recent

events and their potential impact on the estimated fair value per share of the ordinary shares, and in part on contemporaneous input from an independent third-party valuation firm. The Centessa board of directors considered various objective and subjective factors, along with input from management, to determine the fair value of Centessa ordinary shares, including:

- stage of development and business strategy, including the status of research and development efforts of the Company's product candidates and the material risks related to its business and industry;
- results of operations and financial position, including levels of available capital resources;
- the valuation of publicly traded companies in the life sciences and biotechnology sectors, as well as recently completed mergers and acquisitions of peer companies;
- the lack of marketability of Centessa ordinary shares as a private company;
- the prices of Centessa preferred shares sold to investors in arm's length transactions and the rights, preferences and privileges of Centessa preferred shares relative to those of Centessa ordinary shares;
- the likelihood of achieving a liquidity event for the holders of Centessa ordinary shares, such as an initial public offering or a sale of the Company, given prevailing market conditions;
- trends and developments in the Company's industry; and
- external market conditions affecting the life sciences and biotechnology industry sectors.

The third-party valuations of the Company's ordinary shares that the Centessa board of directors considered in making its determinations were performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation* ("Practice Guide"), which prescribes several valuation approaches for determining the value of an enterprise, such as the cost, market and income approaches, and various methodologies for allocating the value of an enterprise to its capital structure and specifically the ordinary shares.

The Company's determination of the fair value of the ordinary shares were performed using methodologies, approaches and assumptions consistent with the Practice Guide. In accordance with the Practice Guide, the Company considered the following methods for allocating the enterprise value across its classes and series of capital shares to determine the fair value of its ordinary shares at each valuation date.

- *Option Pricing Method* ("OPM"). The OPM estimates the value of the ordinary equity of the Company using the various inputs in the Black-Scholes option pricing model. The OPM treats the rights of the holders of ordinary shares as equivalent to that of call options on any value of the enterprise above certain break points of value based upon the liquidation preferences of the holders of the Company's convertible preferred shares, as well as their rights to participation, and the share prices of the outstanding options. Thus, the value of the ordinary shares can be determined by estimating the value of its portion of each of these call option rights. Under this method, the ordinary shares has value only if the funds available for distribution to shareholders exceed the value of the liquidation preference at the time of a liquidity event, such as a merger or sale. Given the ordinary shares represents a non-marketable equity interest in a private enterprise, an adjustment to the preliminary value estimates had to be made to account for the lack of liquidity that a shareholder experiences. This adjustment is commonly referred to as a discount for lack of marketability ("DLOM").
- *Probability-Weighted Expected Return Method* ("PWERM"). The PWERM is a scenario-based analysis that estimates the value per share based on the probability-weighted present value of

expected future investment returns, considering each of the possible outcomes considered by the Company, as well as the economic and control rights of each share class.

- *Hybrid Method*. The Hybrid Method is a hybrid between the PWERM and OPM, estimating the probability-weighted value across multiple scenarios, but using the OPM to estimate the allocation of value within one or more of those scenarios. Weighting allocations are assigned to the OPM and PWERM methods factoring possible future liquidity events.

The Company's estimated the fair value of its ordinary shares based on the Hybrid Method. In doing so, the Company, with assistance from the third-party valuation specialist, considered one scenario reflecting a potential IPO (Scenario 1) and one scenario reflecting only the consummation of the Series A preferred share financing (Scenario 2), weighted at 35% and 65%, respectively. Subjective factors considered by the Centessa board of directors and management in January 2021 included the pending addition of new executive members and the election of new independent directors to the Centessa board of directors, as well as definitive plans to undertake an IPO. After application of the probability weightings for each of the two scenarios to the per share fair values, the Company established a fair value of $2.92 per share of the ordinary share.

For Scenario 1, the Guideline IPO Transactions Method was utilized to determine the value under a potential IPO. The future enterprise value at an expected IPO date of June 30, 2021 was projected at $917.6 million and was discounted to present value using a discount rate of 25.0% and allocated to each outstanding share class, on a fully diluted basis assuming all existing shares convert into ordinary share. The enterprise value was estimated using the original issue price of the Series A financing. The valuation used a DLOM of 10.0%, resulting in a value per ordinary share of $4.95.

For Scenario 2, the equity value of the Company was estimated using a market approach that derives an implied total equity value from the per share sale price of the Company's equity securities in a recent arm's-length transaction (the "Backsolve Method" of the OPM). The equity value of the Company was determined using the terms of the Series A preferred financing. The transaction was led by unrelated third-party investors. As such, it was determined to be an arm's-length transaction that reasonably reflected the expected economics of the Company. The total implied equity value of the Company was determined to be approximately $551.2 million.

The OPM was then utilized to allocate the equity value for the Company. Specifically, the Backsolve Method was utilized to quantify the implied equity value in the Series A preferred share transaction by considering the economic and control rights of the preferred shareholders compared to the ordinary shareholders. In determining the total implied equity value under the Backsolve Method, the Company used the OPM to allocate the equity value using an estimated volatility of 66.5%, an estimated time to liquidity of 2.0 years, based on the mean of guideline companies at such time, and a DLOM of 35.0%, which was implied using put option values, resulting in a value per ordinary share of $1.83.

There are significant judgments and estimates inherent in the determination of the fair value of ordinary shares. These judgments and estimates include assumptions regarding the Company's future operating performance, the time to complete an initial public offering or other liquidity event and the determination of the appropriate valuation methods. If the Company had made different assumptions, its ordinary shares could have been significantly different.

ii. In connection with the Acquisition, Centessa issued contingent value rights, or CVRs, to former shareholders and option holders of Palladio Biosciences, Inc, or Palladio. In total, the CVRs represent the contractual rights to receive payment of $39.7 million upon the first patient dosed in a Phase 3 pivotal study of lixivaptan for the treatment of autosomal dominant polycystic kidney disease (ADPKD) in any of the United States, France, Germany, Italy, Spain, the United Kingdom and Japan (designated the ACTION Study). The contingent milestone, if triggered, will be settled through the issuance of Centessa ordinary shares equal to the amount of the total CVRs payable based on the per share value of ordinary shares at the milestone date.

The Company has determined that the contingent value rights should be accounted for as a liability in accordance with ASC 480. Accordingly, fair value of the contingent consideration will be assessed quarterly until settlement. As such, the total consideration transferred in connection with the Acquisition reflected in this unaudited pro forma condensed combined financial information does not purport to represent the actual total consideration transferred in connection with the Acquisition. To estimate the fair value of the contingent consideration, the Company applied a cumulative probability of achieving the clinical milestone and applied it to the potential payout. Prior to initiating the ACTION Study and dosing the first patient, the Company will consider the status and on-going results of the Phase 3a safety study (designated the ALERT Study). As this is an open-label study for which enrollment is on-going, the Company will evaluate if the on-going results support the belief that lixivaptan has a de-risked safety profile. Assuming the on-going results from the ALERT Study continue to support this view, the probability of commencing the ACTION study and dosing the first patient is high and is currently expected during early-to-mid 2022. The cumulative probability of achieving positive results from the ALERT Study and dosing the first patient in the ACTION Study was applied to the CVR payout to arrive at a fair value of $22.6 million as of the Acquisition date.

iii. As part of the Acquisition, Centessa issued replacement equity awards to select employees and consultants of certain Contributed Companies. The awards consisted of options and restricted shares with vesting provisions generally consistent with the original awards prior to the Acquisition. Pursuant to ASC 805, the Company determined that a portion of the fair value of the replacement awards should be apportioned to consideration, with the remainder apportioned to post-combination share-based compensation expense.

iv. The Company incurred $4.6 million of transaction costs consisting primarily of legal, accounting and valuation services. Under ASC 805, transaction costs in an asset acquisition are included as a component of consideration transferred.

b) Allocation of Total Consideration Transferred to Assets Acquired and Liabilities Assumed

	(in thousands)	
Cash	$ 68,038	
Prepaid and other current assets	11,303	
Other long-term assets	203	
Accounts payable	(3,607)	
Accrued expenses and other current liabilities	(3,128)	
Convertible notes	(6,199)	
Other long-term liabilities	(291)	
Net assets acquired	66,319	i.
IPR&D	$ 223,593	i., ii.
Total Consideration	$ 289,912	

i. The net assets acquired have been prepared using the Company's available accounting records as of January 29, 2021.

ii. IPR&D represents the research and development projects of each Contributed Company which were in-process, but not yet completed, and which Centessa plans to advance. Accounting standards require that the fair value of IPR&D projects acquired in an asset acquisition with no alternative future use be allocated a portion of the consideration transferred and charged to expense at the acquisition date.

The IPR&D charge, inclusive of transaction expenses, has been excluded from the unaudited pro forma condensed combined statements of operations as the IPR&D charge does not have an ongoing impact.

4. Acquisition Transaction Adjustments

The unaudited pro forma condensed combined statements of operations reflect the following adjustments:

a) To account for components of share-based compensation as follows:

	Year Ended December 31, 2020	
Replacement awards	$ 2,183	i
Accelerated vesting of share-based awards at Contributed Companies	4,118	ii
	$ 6,301	

	Year Ended March 31, 2021	
Replacement awards	$ 40	i

i. As part of the Acquisition, Centessa issued replacement equity awards to select employees and consultants of certain Contributed Companies. The awards consisted of options and restricted shares with vesting provisions generally consistent with the original awards. Pursuant to ASC 805, the Company determined that a portion of the fair value of the replacement award should be apportioned to consideration, with the remainder apportioned to post-combination expense. The replacement awards require post-combination service and, in some instances, portions of the replacement awards vest immediately on the acquisition date. As of December 31, 2020, the share-based compensation expense related to replacement awards consists of $1.7 million of expense to be recognized immediately from awards that have no continuing vesting provisions and $0.5 million related to replacement awards with continuing vesting conditions. The adjustment for the three months ended March 31, 2021 reflects the incremental share-based compensation expense for the month of January 2021.

ii. The Acquisition of the Contributed Companies by Centessa triggered change of control provisions in the existing share-based equity awards held by employees and consultants at each of the Contributed Companies. Accordingly, the unvested compensation cost of $4.1 million associated with these awards was immediately accelerated and vested and recorded in research and development expense according to the roles and responsibilities of the underlying award holders. The change of control provisions were waived by certain award holders in lieu of receiving the replacement awards described above.

b) To reclassify transaction costs incurred as of December 31, 2020 and recorded to General and administrative expenses into Acquired in-process research and development as these costs are part of the consideration transferred. The IPR&D charge, inclusive of transaction expenses has been excluded from the unaudited pro forma condensed combined statements of operations as it reflects charges directly related to the merger which do not have an ongoing impact.

c) To eliminate interest expense, amortization of debt discount, and the changes in fair value of derivative liability upon the conversion and cancellation of convertible notes that occurred as part of the Acquisition and Financing.

d) Represents the pro forma weighted average shares outstanding after giving effect to the Acquisition and Financing.

	Year Ended December 31, 2020
Basic and diluted	
Centessa ordinary shares issued to Contributed Companies	89,516,188
Centessa founders shares	6,100,000
Adjustment to include fully vested Centessa replacement awards	451,151(i)
Pro forma weighted average number of basic and diluted ordinary shares outstanding	96,067,339

	Three Months Ended March 31, 2021
Basic and diluted	
Centessa ordinary shares issued to Contributed Companies	89,516,188
Centessa founders shares	6,100,000
Adjustment to include fully vested Centessa replacement awards	606,075(i)
Pro forma weighted average number of basic and diluted ordinary shares outstanding	96,222,263

All potentially dilutive items, including employee share options and Series A preferred shares were excluded from the diluted share calculation because their effect would have been anti-dilutive as the Company was in a loss position.

(i) of the total 759,817 shares issued as replacement awards, 450,883 shares vested immediately upon the Acquisition. 154,763 shares will vest after the first year of service with 38,691 shares vesting each quarter. The 154,763 shares were assumed to have vested on December 31, 2020, and were factored into the December 31, 2020 weighted average shares calculation as if they were outstanding for one day. The March 31, 2021 weighted average shares calculation includes the 154,763 shares in their entirety and assumes the 38,691 shares were outstanding for one day.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CENTESSA PHARMACEUTICALS LIMITED

The following discussion and analysis should be read in conjunction with our audited financial statements and related notes thereto included elsewhere in this prospectus. This discussion and analysis and other parts of this prospectus contain forward-looking statements based upon current beliefs, plans and expectations that involve risks, uncertainties and assumptions, such as statements regarding our plans, objectives, expectations, intentions and projections. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set forth under "Risk Factors" and elsewhere in this prospectus. You should carefully read the "Risk Factors" section of this prospectus to gain an understanding of the important factors that could cause actual results to differ materially from forward-looking statements. Please also see the section entitled "Special Note Regarding Forward-Looking Statements."

Overview

Centessa Pharmaceuticals Limited (Centessa) is reimagining the traditional pharmaceutical research and development model to build, from the bottom-up, a research and development engine predicated on asset centricity to discover, develop and ultimately deliver impactful medicines to patients. We believe the successful execution at scale of our asset-centric R&D model has the potential to result in increased R&D productivity and could have a positive impact for patients, providers and society more broadly.

We were formed on October 26, 2020 and had limited operating activity in 2020. In January 2021, we implemented our reimagined approach to research and development by completing the acquisition of eleven asset-centric private biotech companies (the Centessa Subsidiaries). Simultaneous with our acquisition of the Centessa Subsidiaries, we completed a $250.0 million Series A convertible preferred share financing that was comprised of $245.0 million in proceeds and the conversion of $5.0 million in convertible debt.

During the period from October 26, 2020 (inception) through December 31, 2020 and the period from January 1, 2021 through January 29, 2021 we had limited operations. Our financial statements for future periods will contain the results of the Centessa Subsidiaries. The historical financial data discussed in this Management's Discussion and Analysis of Financial Condition and Results of Operations are those of Centessa from the period of October 26, 2020 (inception) through December 31, 2020 and from the period of January 1, 2021 through January 29, 2021.

Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of our current or future product candidates. We expect to continue to incur significant expenses and increasing operating losses in connection with ongoing development activities related to the portfolio of programs as we advance the preclinical and clinical development of our product candidates; perform research activities as we seek to discover and develop additional programs and product candidates; carry out maintenance, expansion enforcement, defense, and protection of our intellectual property portfolio; and hire additional research and development, clinical operations and other personnel. In addition, we will have potential development and commercial milestone payment obligations under several licensing arrangements associated with the Centessa Subsidiaries.

In addition, if we obtain marketing approval for any of our existing or future product candidates, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. Furthermore, upon the closing 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 would not incur as a private company. We expect our existing cash and cash equivalents, together with the net proceeds from this offering, will enable us to fund our operating expenses and capital expenditure requirements until . See "Use of Proceeds."

As a result, we will need to raise substantial additional capital to support our continuing operations and pursue our growth and development strategy. Until the time we can generate significant revenue from product sales, if ever, we plan to finance our operations through the sale of equity, debt financings or other capital sources, which may include collaborations with other companies or other strategic transactions. There are no assurances that we will be successful in obtaining an adequate level of financing as and when needed to finance our operations on acceptable terms or at all. If we are unable to secure adequate additional funding as and when needed, we may have to significantly delay, scale back or discontinue the development and commercialization of one or more product candidates or delay the pursuit of potential in-licenses or acquisitions.

Because of the numerous risks and uncertainties associated with product development, we are unable to predict the timing or amount of increased expenses or when or if it will be able to achieve or maintain profitability. Even if we are able to generate product sales, we may not become profitable. If we fail to become profitable or unable to sustain profitability on a continuing basis, then we may be unable to continue operations at planned levels and be forced to reduce or terminate operations.

Components of Results of Operations

Revenues

To date, we have not generated any revenue. Our ability to generate revenue and to become profitable will depend upon the ability to successfully develop, obtain regulatory approval and commercialize any future product candidates. Because of the numerous risks and uncertainties associated with product development and regulatory approval, we are unable to predict the amount or timing of revenue.

Research and Development Expenses

Research and development activities will be central to our business model. Product candidates in later stages of clinical development will generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect research and development expenses associated with the Centessa Subsidiaries to increase significantly over the next several years due to increases in personnel costs, including share-based compensation, increases in costs to conduct clinical trials for their current product candidates and other clinical trials for future product candidates and prepare regulatory filings for any product candidates.

The successful development of Centessa Subsidiaries' current or future product candidates is highly uncertain. At this time, we cannot reasonably estimate or know the nature, timing and costs of the efforts that will be necessary to complete the remainder of the development of current or future product candidates, or when, if ever, material net cash inflows may commence from product candidates. The amounts and timing of our actual expenditures and the extent of clinical development may vary significantly depending on numerous factors, including the progress of our development efforts, the status of and results from preclinical studies and any ongoing clinical trials or clinical trials we may commence in the future, as well as any collaborations that we may enter into with third parties for our product candidates and any unforeseen cash needs. As a result, our management will retain broad discretion over the allocation of the net proceeds from this offering and may change the allocation of use of these proceeds. This uncertainty is due to the numerous risks and uncertainties associated with the duration and cost of research and development activities and clinical trials, which vary significantly over the life of a project as a result of many factors, including:

- personnel-related expenses, including salaries, bonuses, benefits and share-based compensation for employees and consultants engaged in research and development functions;
- continuing our platform research and drug discovery efforts for our current and future product candidates;
- the successful achievement of preclinical and clinical milestones;

- delays in regulators or institutional review boards authorizing us or its investigators to commence our clinical trials, or in the our ability to negotiate agreements with clinical trial sites or CROs;
- the ability to secure adequate supply of product candidates for trials;
- the number of clinical sites included in the trials;
- the ability and the length of time required to enroll suitable patients;
- the number of patients that ultimately participate in the trials;
- the number of doses patients receive;
- any side effects associated with product candidates;
- the duration of patient follow-up;
- the results of clinical trials;
- significant and changing government regulations;
- launching commercial sales of product candidates, if and when approved, whether alone or in collaboration with others; and
- future potential payments under incentivization agreements.

Our expenditures are subject to additional uncertainties, including the terms and timing of regulatory approvals. We may never succeed in achieving regulatory approval for the Centessa Subsidiaries' product candidates. We may obtain unexpected results from clinical trials and may elect to discontinue, delay or modify clinical trials of our product candidates. A change in the outcome of any of these variables with respect to the development of a product candidate could mean a significant change in the costs and timing associated with the development of that product candidate. For example, if the EMA, FDA or other comparable regulatory authorities were to require us to conduct clinical trials beyond those that are currently anticipated, or if we experience significant delays in enrollment in any clinical trials, we could be required to expend significant additional financial resources and time on the completion of clinical development. Product commercialization will take several years, and we expect to spend a significant amount in development costs.

General and Administrative Expense

During our limited period of operations, general and administrative expense consisted primarily of legal and professional costs associated with our formation, corporate matters. Following the acquisition of the Centessa Subsidiaries in January 2021, general and administrative expenses will consist of personnel expenses, including salaries and benefits for employees in certain executive functions and share-based compensation. General and administrative expenses will also include corporate facility costs, including rent, utilities, depreciation and maintenance, not otherwise included in research and development expense, as well as legal fees related to intellectual property and corporate matters and fees for accounting and consulting services.

We expect general and administrative expenses will increase in the future to support our ongoing and continued research and development activities, potential commercialization efforts and increased costs of operating as a public company. These increases will likely include increased costs related to the hiring of additional personnel and fees to outside consultants, lawyers and accountants, among other expenses. Additionally, we anticipate increased costs associated with being a public company, including expenses related to services associated with maintaining compliance with the requirements of Nasdaq and the SEC, insurance and investor relations costs. If any current or future product candidates obtain regulatory approval, we expect to incur significantly increased expenses associated with building a sales and marketing team.

Interest Expense

Interest expense consists of interest on proceeds received under convertible debt and the amortization of debt discount consists of the capitalization of debt issuance costs and the bifurcation of the embedded redemption feature associated with our convertible debt. The debt discount was amortized over the life of the convertible debt until it was settled in January 2021.

Results of Operations

For the Period from October 26, 2020 (inception) through December 31, 2020 and for the Period from January 1, 2021 through January 29, 2021

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

	Period from October 26, 2020 (inception) through December 31, 2020	Period from January 1, 2021 through January 29, 2021
Operating expenses:		
General and administrative	$ 3,139	$ 187
Loss from operations	(3,139)	(187)
Interest expense, net	(2)	—
Amortization of debt discount	(8)	(825)
Change in fair value of derivative liability	—	(415)
Foreign currency losses	—	(6)
Net loss	$ (3,149)	$ (1,433)

General and Administrative Expense

General and administrative expenses for the period from October 26, 2020 (inception) through December 31, 2020 and for the period from January 1, 2021 through January 29, 2021 was $3.1 million and $0.2 million, respectively. General and administrative expenses during the period from October 26, 2020 (inception) through December 31, 2020 are attributable to transaction costs incurred prior to completion of the acquisition of the Centessa Subsidiaries in January 2021. During the period from January 1, 2021 through January 29, 2021, general and administrative costs were primarily attributable legal and other professional services for general corporate and operational matters and personnel expenses.

Interest Expense, net and amortization of debt discount

We recognized $10,000 of interest expense and related amortization expense during the period from October 26, 2020 (inception) through December 31, 2020. Interest expense and the amortization of debt discount is attributable to our bridge financing arrangement with Medicxi Growth. Amortization expense of the debt discount was $0.8 million from the period from January 1, 2021 through January 29, 2021.

Change in Fair Value of Derivative

During the period from January 1, 2021 through January 29, 2021, we recognized $0.4 million in the change in fair value of our derivative liability that was bifurcated from our bridge financing arrangement and remeasured until it was settled in connection with the sale of our Series A preferred shares.

Foreign Currency Losses

During the period from January 1, 2021 through January 29, 2021, we recognized $6,000 in foreign currency losses in connection with certain expenses denominated and to be settled in a currency other than our functional currency.

Liquidity and Capital Resources

Debt Financing

In December 2020, we entered into a Convertible Loan Agreement Growth with Medicxi Growth I LP and Medicxi Growth Co-Invest I LP (collectively Medicxi Growth) whereby we issued $5.0 million of unsecured convertible notes to Medicxi Growth. The convertible notes were issued as a bridge financing, in contemplation of completing a Series A financing which occurred in January 2021, to fund formation and transaction related costs. Upon the completion of the Series A financing, the outstanding principal and interest converted into the shares of Series A preferred stock at 80% of the subscription price of the Series A offering.

Sources of Liquidity

As of January 29, 2021, we had cash of $5.0 million. We were formed on October 26, 2020 and have had minimal operating activity and our operations were not financed until December 2020 when we received bridge financing from Medicxi Growth. Other than our bridge financing with Medicxi Growth, which has been settled, we have no ongoing material financing commitments, such as lines of credit or guarantees, that are expected to affect liquidity over the next five years.

Cash Flows

The following table shows a summary of cash flows for the period from October 26, 2020 (inception) through December 31, 2020 and for the period from January 1, 2021 through January 29, 2021 (in thousands):

	Period from October 26, 2020 (inception) through December 31, 2020	Period from January 1, 2021 through January 29, 2021
Net cash (used in) provided by:		
Operating activities	$ —	$ (42)
Financing activities	5,010	2
Exchange rate effect on cash and cash equivalents	(7)	2
Net increase (decrease) in cash and cash equivalents	$ 5,003	$ (38)

Operating Activities

During the period from January 1, 2021 through January 29, 2021, we used $42,000 of cash in our operating activities, primarily attributable to our net loss of $1.4 million that was partially offset by $1.2 million in non-cash charges related to the amortization of our debt discount and the change in fair value of our derivative liability. The net loss was also offset by $0.1 million net change in our operating assets and liabilities. Our net loss was primarily attributable to legal, accounting, and other professional services provided as we continued to prepare for our strategic initiatives.

During the period from October 26, 2020 (inception) through December 31, 2020, we used no cash in our operating activities as our primarily source of funding occurred in December 2020. Our operating activities were primarily comprised of formation efforts and preparation to complete future strategic initiatives.

Financing Activities

During the period from October 26, 2020 (inception) through December 31, 2020, financing activities provided $5.0 million in net cash proceeds solely attributable to our bridge financing with Medicxi Growth. We received proceeds of $2,000 from financing activities during the period from January 1, 2021 through January 29, 2021.

Funding Requirements

Following the acquisition of the Centessa Subsidiaries, our expenses will increase in connection with ongoing and continuing activities, particularly as we continue the research and development of, continue or initiate clinical trials of, and seek marketing approval for any of current and future product candidates. In addition to funding the research and development activities of the Centessa Subsidiaries, we plan to invest significantly in a fully integrated and centralized infrastructure for operational, legal, and financial functions and controls over the next twelve to eighteen months. If marketing approval is obtained for any product candidates, we also expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. Furthermore, following the completion of this offering, additional costs associated with operating as a public company are expected. Accordingly, there will be a need to obtain substantial additional funding in connection with the continuing operations. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate research and development programs or future commercialization efforts. For more information please see "*Risk Factors — We face challenges, risks and expenses related to the Reorganization in integrating the operations of our asset-centric Centessa Subsidiaries, as well as the management of the expected growth in the scale and complexity of our operations following this offering*."

We anticipate that expenses will increase substantially as we:

- seek to discover and develop current and future clinical and preclinical product candidates;
- scale up clinical and regulatory capabilities;
- adapt regulatory compliance efforts to incorporate requirements applicable to marketed products;
- establish a sales, marketing and distribution infrastructure and scale up external manufacturing capabilities to commercialize any product candidates for which regulatory approval may be obtained;
- maintain, expand and protect the intellectual property portfolio;
- hire additional internal or external clinical, manufacturing and scientific personnel or consultants;
- integrate the operations of the Centessa Subsidiaries into our larger organization and harmonize the operational, legal, financial and management controls, reporting systems and procedures;
- add operational, financial and management information systems and personnel, including personnel to support product development efforts; and
- incur additional legal, accounting and other expenses in operating as a public company.

Because of the numerous risks and uncertainties associated research, development and commercialization of product candidates, we are unable to estimate the exact amount of working capital requirements. Future funding requirements will depend on and could increase significantly as a result of many factors, including:

- the scope, progress, results and costs of preclinical studies and clinical trials;
- the scope, prioritization and number of research and development programs;
- the costs, timing and outcome of regulatory review of product candidates;
- the ability to establish and maintain collaborations on favorable terms, if at all;
- the extent to which obligations to reimburse exist, or entitled to reimbursement of, clinical trial costs under collaboration agreements, if any;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing intellectual property rights and defending intellectual property-related claims;
- the extent to which we acquire or in-license other companies, product candidates and technologies;

- the costs of securing manufacturing arrangements for commercial production; and
- the costs of establishing or contracting for sales and marketing capabilities if regulatory approvals are obtained to market product candidates.

Identifying potential product candidates and conducting preclinical studies and clinical trials is a time-consuming, expensive and uncertain process that takes many years to complete, and may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, product candidates, if approved, may not achieve commercial success. Commercial revenues, if any, will be derived from sales of product candidates that do not expect to be commercially available for the next couple of years, if at all. Accordingly, the need to continue to rely on additional financing to achieve our business objectives will continue. Adequate additional financing may not be available on acceptable terms, or at all.

Until such time, if ever, as we can generate substantial product revenues, financing cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements are expected. To the extent that additional capital is raised through the sale of equity or convertible debt securities, ownership interests will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect rights as an ordinary shareholder. Debt financing, if available, may involve agreements that include covenants limiting or restricting the ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

If we raise funds through collaborations, strategic alliances or additional licensing arrangements with third parties, we may have to relinquish valuable rights to technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable. If we are unable to raise additional funds when needed, they may delay, limit, reduce or terminate product development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market.

Critical Accounting Policies

Management's discussion and analysis of its financial condition and results of operations are based on our audited financial statements which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires estimates and judgments be made that affect the reported amounts of assets, liabilities, and expenses and the disclosure of contingent assets and liabilities in the financial statements. On an ongoing basis, an evaluation of estimates and judgments are required, including those related to accrued expenses and share-based compensation. Estimates are based on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

While the significant accounting policies are described in more detail in Note 2 to our audited financial statements included elsewhere in this prospectus, the following accounting policy for share-based payments and the contingent value rights issued to Palladio Biosciences, Inc. in connection with the acquisition of the Centessa Subsidiaries are the most critical to the judgments and estimates used in the preparation of our financial statements.

Share-Based Compensation

We measure compensation expense for all share-based awards based on the estimated fair value of the award on the grant date. We issued ordinary shares to several founders and executives that are subject to future time-based vesting requirements.

Estimating the Fair Value of Ordinary Shares

We estimate the fair value of our ordinary shares based on the information known to us on the acquisition date, upon a review of any recent events and their potential impact on the estimated fair value per share of our

ordinary shares, and in part on contemporaneous input from an independent third-party valuation firm. Our board of directors considered various objective and subjective factors, along with input from management, to determine the fair value of our ordinary shares, including:

- stage of development and business strategy, including the status of research and development efforts of the our product candidates, following the acquisition of the Centessa Subsidiaries, and the material risks related to our business and industry;
- results of operations and financial position, including levels of available capital resources;
- the valuation of publicly traded companies in the life sciences and biotechnology sectors, as well as recently completed mergers and acquisitions of peer companies;
- the lack of marketability of our ordinary shares as a private company;
- the prices of our preferred shares sold to investors in arm's length transactions and the rights, preferences and privileges of our preferred shares relative to those of our ordinary shares;
- the likelihood of achieving a liquidity event for the holders of ordinary shares, such as an initial public offering or a sale of our Company, given prevailing market conditions;
- trends and developments in our industry; and
- external market conditions affecting the life sciences and biotechnology industry sectors.

The third-party valuations of our ordinary shares that the board of directors considered in making its determinations were performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation ("Practice Guide"*), which prescribes several valuation approaches for determining the value of an enterprise, such as the cost, market and income approaches, and various methodologies for allocating the value of an enterprise to its capital structure and specifically the ordinary shares.

The determinations of the fair value of the ordinary shares were performed using methodologies, approaches and assumptions consistent with the Practice Guide. In accordance with the Practice Guide, we considered the following methods for allocating the enterprise value across our classes and series of capital shares to determine the fair value of our ordinary shares at each valuation date.

- *Option Pricing Method* ("OPM"). The OPM estimates the value of the our ordinary equity using the various inputs in the Black-Scholes option pricing model. The OPM treats the rights of the holders of ordinary shares as equivalent to that of call options on any value of the enterprise above certain break points of value based upon the liquidation preferences of the holders of our convertible preferred shares, as well as their rights to participation, and the share prices of the outstanding options. Thus, the value of the ordinary shares can be determined by estimating the value of its portion of each of these call option rights. Under this method, the ordinary shares have value only if the funds available for distribution to shareholders exceed the value of the liquidation preference at the time of a liquidity event, such as a merger or sale. Given the ordinary shares represents a non-marketable equity interest in a private enterprise, an adjustment to the preliminary value estimates had to be made to account for the lack of liquidity that a shareholder experiences. This adjustment is commonly referred to as a discount for lack of marketability ("DLOM").
- *Probability-Weighted Expected Return Method* ("PWERM"). The PWERM is a scenario-based analysis that estimates the value per share based on the probability-weighted present value of expected future investment returns, considering each of the possible outcomes considered by our board of directors, as well as the economic and control rights of each share class.
- *Hybrid Method*. The Hybrid Method is a hybrid between the PWERM and OPM, estimating the probability-weighted value across multiple scenarios, but using the OPM to estimate the allocation of value within one or more of those scenarios. Weighting allocations are assigned to the OPM and PWERM methods factoring possible future liquidity events.

We estimated the fair value of our ordinary shares based on the Hybrid Method. Subjective factors considered by our board of directors and management included the pending addition of new executive members and the election of new independent directors to the board of directors, as well as definitive plans to undertake an IPO. There are significant judgments and estimates inherent in the determination of the fair value of ordinary shares. These judgments and estimates include assumptions regarding our future operating performance, the time to complete an initial public offering or other liquidity event and the determination of the appropriate valuation methods. If we had made different assumptions, our ordinary shares could have been significantly different.

Following the closing of this offering, the fair value of our ordinary shares will be the closing price of our ADSs on the Nasdaq Global Market as reported on the date of the grant.

Recent Accounting Pronouncements

See Note 2 to our audited financial statements included elsewhere in this prospectus for a description of recent accounting pronouncements applicable to the financial statements.

Contractual Obligations and Other Commitments

As of December 31, 2020, we had no material contractual obligations and other commitments associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions, and the approximate timing of the actions under the contracts.

In connection with our acquisition of the Centessa Subsidiaries in January 2021, we issued contingent value rights, or CVRs, to former shareholders and option holders of Palladio Biosciences, Inc. (Palladio). In total, the CVRs represent the contractual rights to receive payment of $39.7 million upon the dosing of the first patient in commencement of a Palladio's ACTION study, a pivotal Phase 3 clinical trial of lixivaptan for the treatment of Polycystic Kidney Disease in any of the United States, France, Germany, Italy, Spain, the United Kingdom and Japan, with an expected commencement date in early-to-mid 2022. The contingent milestone, if triggered, will be settled through the issuance of a number of our ordinary shares equal to the amount of the total CVRs payable based on the per share value of our ordinary shares at the milestone date.

Incentivization Agreements

In January 2021 we established incentivization arrangements pursuant to which certain members of the senior management teams of each predecessor entity are eligible to earn certain payments based on the attainment of corresponding milestone performance by and/or an exit event of such predecessor entity, as applicable to each executive. As defined in the incentivization agreements, an "exit event" includes the sale or disposition of all or substantially all of the applicable subsidiary's commercially valuable assets or any sale or disposition of the applicable subsidiary's equity which results in the purchaser of the equity acquiring a controlling interest in the applicable subsidiary. Milestones may include the designation of a product candidate or the attainment of approvals, licenses, permits, certifications registrations or authorizations necessary for the sale of a particular product candidate or related molecules in the United States, France, Germany, Italy, Spain or the United Kingdom. The milestone payment amount for each subsidiary is in the low eight figure range to be divided among the members of the respective subsidiary's senior management team and employees according to the terms of its respective incentivization agreement. Any milestone payment earned will be payable in a lump sum within twenty (20) days after attainment of the milestone. In addition, if a sale of a controlling interest in a subsidiary or sale (or grant of an exclusive license) of its respective product candidate occurs prior to attainment of the milestone or within the three (3) year period following attainment of the milestone, an exit payment equal in the range of single digit to low teens percentage of the sales proceeds less any amounts previously paid as a milestone payment (if any) and any fees, costs and expenses of the sale (excluding any earn out, milestone, royalty payment or other contingent payments but including any escrow, holdback or similar amount) will become due and payable to certain employees and members of the subsidiary's senior management team. To the

extent an exit event occurs following the occurrence of an adverse event (which includes the failure to achieve milestones within the specified time period), no exit payment will become due unless sale proceeds are in excess of an amount in the eight-figure range.

The incentivization agreements contain standard termination provisions providing that the agreements shall terminate upon the occurrence of certain events, or automatically on December 31, 2035. Other events that may trigger termination include:

- an exit event;
- the occurrence of certain asset sales in conjunction with certain milestones; and
- the date that is three years following achievement of certain milestones.

The contractual obligations we have disclosed do not include any potential development, regulatory and commercial milestone payments and potential royalty payments that we may be required to make under the various license agreements entered into by the Centessa Subsidiaries and collaboration agreement. We excluded these payments given that the timing of any such payments cannot be reasonably estimated at this time.

Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. We do not engage in off-balance sheet financing arrangements. In addition, we do not engage in trading activities involving non-exchange traded contracts. Therefore, we believe that they are not materially exposed to any financing, liquidity, market or credit risk that could arise if we were engaged in these relationships.

Qualitative and Quantitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of its business. These risks primarily include interest rate sensitivities. Interest-earning assets consist of cash and cash equivalents. Interest income earned on these assets was de minimis for the period from October 26, 2020 (inception) through December 31, 2020.

JOBS Act Transition Period

In April 2012, the JOBS Act was enacted. Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We are electing to utilize the extended transition period and, as a result, will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for emerging growth companies.

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements under the JOBS Act. Subject to certain conditions, as an emerging growth company, we may rely on certain of these exemptions, including without limitation, (1) providing an auditor’s attestation report on the system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (2) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an emerging growth company until the earlier to occur of (a) the last day of the fiscal year (i) following the fifth anniversary of the completion of this offering, (ii) in which we have total annual gross revenues of at least $1.07 billion or (iii) in which the we are deemed to be a “large accelerated filer” under the rules of the U.S. Securities and Exchange Commission, which means the market value of its ordinary shares that is held by non-affiliates exceeds $700 million as of the prior June 30th, and (b) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE CENTESSA PREDECESSOR GROUP AND CERTAIN OTHER ACQUIRED ENTITIES

The following discussion and analysis should be read in conjunction with the audited combined financial statements and related notes thereto of the Centessa Predecessor Group, or the Group, and the audited financial statements and related notes thereto of Palladio Biosciences, Inc. and ApcinteX Limited included elsewhere in this prospectus. This discussion and analysis and other parts of this prospectus contain forward-looking statements based upon current beliefs, plans and expectations that involve risks, uncertainties and assumptions, such as statements regarding our plans, objectives, expectations, intentions and projections. The Group's actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set forth under "Risk Factors" and elsewhere in this prospectus. You should carefully read the "Risk Factors" section of this prospectus to gain an understanding of the important factors that could cause actual results to differ materially from forward-looking statements. Please also see the section entitled "Special Note Regarding Forward-Looking Statements."

Background and Format of Presentation

Centessa Pharmaceuticals Limited (Centessa) was formed on October 26, 2020 and had limited operating activities through December 31, 2020. In January 2021, Centessa acquired 100% of the equity interests of the Centessa Subsidiaries in exchange for ordinary shares of Centessa. Within this registration statement, Centessa is required to present a minimum of two years of financial information. As a result, Centessa determined three of the eleven Centessa Subsidiaries, on a combined basis, represent the predecessor entity prior to Centessa's acquisitions in January 2021. The predecessor includes the combined financial information of Z Factor Limited, Morphogen-IX Limited and LockBody Therapeutics Ltd and is collectively referred to as the Centessa Predecessor Group, or the Group. Management's discussion and analysis of the Centessa Predecessor Group and the audited financial statements and notes thereto can be found elsewhere in this prospectus. In addition to presenting financial information for Centessa Predecessor Group, and in accordance with Rule 3-05 of Regulation S-X, Centessa is required to include the historical audited financial statements and related notes thereto for the remaining Centessa Subsidiaries and such financial information can be found elsewhere in this prospectus.

When considering each of the remaining eight entities' stages of development and related future research and development costs associated with each entity, Centessa believes that Palladio Biosciences, Inc., or Palladio, and ApcinteX Limited, or ApcinteX, are material to include in management's discussion and analysis of financial condition and results of operations in addition to the discussion pertaining to the Group for years ended December 31, 2019 and 2020. As a result, the financial condition and results of operations for Palladio and ApcinteX have been included for such periods.

Subsequent to the contribution of the Centessa Subsidiaries to Centessa, the financial activities of Centessa and all Centessa Subsidiaries are being presented on a consolidated basis and are denoted as "Successor" within management's discussion and analysis of the unaudited interim financial statements.

The historical financial condition and results of operations for the periods presented may not be comparable due to the difference in basis of accounting for the Centessa Predecessor Group and Centessa Pharmaceuticals Limited. Prior the acquisition of the Centessa Subsidiaries on January 29, 2021, the Centessa Predecessor Group consisted of three separate legal entities. Following the acquisition of the Centessa Subsidiaries, Centessa Pharmaceuticals Limited consists of 12 legal entities.

Z Factor Limited

Z Factor Limited is a clinical-stage biotechnology company founded in 2015 to identify and develop therapeutic agents to treat alpha-1-antitrypsin deficiency, or AATD, a common genetic disorder where a single

mistake in the DNA encoding the protein alpha-1-antrypsin causes both liver and lung disease. Z Factor's lead product candidate, ZF874, is a novel compound that acts as a molecular patch for the faulty protein, allowing it to fold correctly, thereby simultaneously relieving the liver burden of polymer accumulation and providing fully-functional Z-A1AT in the circulation to protect the lungs. The first human volunteer was dosed with ZF874 in August 2020 in a Phase 1 clinical trial designed to determined how safe and effective ZF874 is at raising levels of Z-A1AT in humans in a short period of time.

LockBody Therapeutics Ltd

LockBody is pioneering a platform technology to develop LockBody CD47 (LB1) and LockBody CD3 (LB2) for optimal targeting of solid tumors by the innate immune system. LockBody aims to develop novel therapeutics based on its platform technology that is designed to selectively drive CD47 or CD3 activity while avoiding systemic toxicity. As compared to the mechanism of bispecific antibodies, LockBody technology is monospecific until activated, and thereby is intended to address the classical limitations of bispecific antibodies by locking the cell-killing mechanism of action, such as CD47 or CD3, beneath a well-tolerated tumor targeting arm such as Her2 or PD-L1. LockBody seeks to leverage its technology to generate lead compounds with novel mechanisms of action to address solid tumors, which previously have not been addressed by CD47 or CD3-targeting therapies and are resistant to current standard of care. LockBody is currently conducting preclinical evaluation and cell line development for its first asset, targeting CD47, designated LB1, and lead optimization for its second asset, which targets CD3, designated LB2. In parallel, LockBody has been pursuing Her2/CD47 and PD-L1/CD47 molecules.

Morphogen-IX Limited

Morphogen-IX Limited was founded in 2015 to identify and develop bone morphogenetic proteins, or BMPs, as a novel therapy for the treatment of pulmonary arterial hypertension, or PAH. PAH, a severe form of pulmonary hypertension, is a progressive life-limiting disease caused by narrowing of small pulmonary arteries in the periphery of the lung. Morphogen-IX's lead product candidate, MGX292, is a disease-modifying, protein-engineered variant of human bone morphogenetic protein 9 (BMP9) for the treatment of PAH.

Since inception, the Centessa Predecessor Group has devoted substantially all of its resources to acquiring and developing product and technology rights, conducting research and development in its clinical and preclinical trials and raising capital. The Group has incurred recurring losses and negative cash flows from operations since inception and has funded operations primarily through the sale and issuance of its convertible preferred stock and convertible promissory notes. The ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of current or future product candidates. The Group expects to continue to incur significant expenses and increasing operating losses for the foreseeable future in connection with ongoing development activities related to the portfolio of programs as the Centessa Predecessor Group entities advance the preclinical and clinical development of product candidates; perform research activities as the Group seeks to discover and develop additional programs and product candidates; carry out maintenance, expansion enforcement, defense, and protection of its intellectual property portfolio; and hires additional research and development, clinical and commercial personnel. In addition, the Group has development and commercial milestone payment obligations under licensing arrangements with the University of Cambridge Enterprise.

The Group's net loss was $5.1 million and $10.7 million for the years ended December 31, 2019 and 2020, respectively. As of December 31, 2020, the Group had $7.2 million in cash and combined deficit of $22.4 million.

Palladio Biosciences, Inc.

Palladio Biosciences, Inc. (Palladio) was created with the goal of developing transformative medicines for orphan diseases of the kidney. Palladio is actively investigating its lead product candidate, lixivaptan, an oral,

non-peptide, new chemical agent that works by selectively suppressing the activity of the hormone vasopressin at the V2 receptor, as well as evaluating its potential to deliver a differentiated safety profile for patients with autosomal dominant polycystic kidney disease (ADPKD). Lixivaptan's development program is designed to show that lixivaptan can slow the decline in renal function that is typically observed in ADPKD patients while avoiding the liver safety issues associated with JYNARQUE®, a form of branded tolvaptan indicated for ADPKD, which is the only drug currently approved for ADPKD. We believe the potential of lixivaptan in ADPKD is supported by data to date, which includes extensive data from a quantitative-systems toxicology modeling tool, clinical development in a different indication as well as preclinical and clinical studies in ADPKD.

Palladio is currently conducting a Phase 3 clinical trial (designated the ALERT Study), an open-label, repeat-dose study designed to assess hepatic and non-hepatic safety of lixivaptan in patients who previously experienced abnormal liver chemistry test results while treated with tolvaptan and were permanently discontinued from tolvaptan for that reason. While the ALERT Study is not a registrational trial, Palladio is preparing to conduct a global Phase 3 pivotal trial of lixivaptan in ADPKD patients, (designated the ACTION study), which we expect to commence by early-to-mid 2022.

ApcinteX Limited

ApcinteX Limited (ApcinteX) is focused on developing SerpinPC for the treatment of Hemophilia A (HA) and Hemophilia B (HB). Hemophilia is a rare bleeding disorder that is caused by a deficiency of thrombin generation upon vascular damage. SerpinPC, a biologic of the serpin family of proteins, is designed to allow more thrombin to be generated by inhibiting Activated Protein C (APC). ApcinteX's approach is to rebalance coagulation in hemophilia by decreasing a single anticoagulant force. SerpinPC has the potential to treat all types of hemophilia regardless of severity or inhibitor status, and may also prevent bleeding associated with other bleeding disorders. ApcinteX seeks to develop SerpinPC as a one-size-fits-all approach for the treatment of HA and HB.

Licensing Arrangements

Z Factor License Agreement

In February 2015, Z Factor Limited entered into a license agreement with Cambridge Enterprise Limited (CE), which is a company wholly owned by the University of Cambridge, relating to small molecule chaperones to correct the folding of Z-alpha-1-antitrypsin (Z-chaperones). Under such license agreement, Z Factor obtained from CE an exclusive, worldwide, royalty-free, sublicensable (subject to certain requirements) license, or the CE Exclusive License, to certain specified deliverables, or CE Data, materials and know-how, or Exclusive Licensed Technology, for the development Z-chaperones. Z Factor also obtained a non-exclusive, worldwide, royalty-free, sublicensable (subject to certain requirements) license, or the CE Non-Exclusive License, to certain knowledge, experience, materials, data and technical or regulatory information which may be of commercial interest to Z Factor, (Non-Exclusive Technical Know-How), in the Z-chaperones field. Under the CE Exclusive License and the CE Non-Exclusive License (collectively, the Z Factor License Agreement), Z Factor has the worldwide right to research, develop, manufacture, market, sell and distribute Z-chaperones in the Field. CE, in accordance with its standard practice, has reserved on behalf of University of Cambridge, and its researchers, a limited, irrevocable, world-wide, royalty-free, right to use the Exclusive Licensed Technology and Non-Exclusive Technical Know-How in the Field for academic publication, teaching, and academic research, but specifically excluding any commercial use or exploitation.

In exchange for the rights under the license agreement, Z Factor granted to CE a number of ordinary shares of Z Factor License Agreement, in addition to an upfront license fee, and reimbursing CE for out-of-pocket expenses incurred by CE prior to the effective date of the Z Factor License Agreement. Z Factor is also obligated to pay to CE total aggregate milestone payments in the low hundreds of thousands of pounds sterling upon satisfaction of certain financing and developmental milestones. Each milestone payment is payable only once, regardless of multiple INDs submitted for different therapeutic indications, for the term of the Z Factor License Agreement.

Unless terminated earlier, the Z Factor License Agreement will be in effect for a period of 20 years from the effective date Z Factor License Agreement. Z Factor may continue to use all know-how after expiry of the Z Factor License Agreement. Z Factor may terminate the License at any time for convenience with adequate written notice to CE. Either party may terminate the License if the other materially breaches the agreement without timely remedy, becomes insolvent, or if acts of nature exist for an extended period of time. Z Factor may assign the Z Factor License Agreement without CE's prior consent in connection with a transfer of substantially all of Z Factor's assets. In all other cases, Z Factor would obtain the prior written consent from CE before assigning its rights and obligations under the Z Factor License Agreement.

Morophogen-IX Licence Agreement

On October 30, 2015, our subsidiary, Morphogen-IX Limited, or Morphogen-IX, entered into a Patent and Know-How Licence Agreement, or License, with Cambridge Enterprise Limited (a company wholly owned by the University of Cambridge), or CE, relating to BMP 9 and 10. Pursuant to the agreement, Morphogen-IX obtained from CE an exclusive, worldwide, royalty-bearing, sublicensable (through multiple tiers) license, or the Exclusive CE License, under certain patent rights, or BMP Patents, and certain technical information and materials relating to BMP 9 and 10, or BMP Know-How, for the treatment of all diseases, including prophylaxis, for human and animal health or any related research or development, or the Field. Morphogen-IX also obtained a non-exclusive, worldwide, royalty-bearing, sublicensable (through multiple tiers) license, or the CE Non-Exclusive License, to under certain, data, technical information and other know-how that is not specific to BMP 9 and 10, or the Non-Exclusive Know-How. Under the CE Exclusive License and the CE Non-Exclusive License, Morphogen-IX has the right to develop and commercialize any product, process, service or use that uses or incorporates any BMP Patents, the BMP Know-How or the Non-Exclusive Know-How, or any materials that are sold in conjunction with any such products or services, in each such case, a Licensed Product. CE has reserved a customary limited right to use the BMP Patents, BMP Know-How and Non-Exclusive Know-How for academic publication, teaching, and academic research.

In addition to the rights described above, Morphogen-IX also obtained the right to exclusively license, upon request, any and all improvements, modifications, and other developments to the BMP Patents or the BMP Know-how arising during the term of the agreement, or BMP Improvements, provided that such BMP Improvements have been created by any or all of the inventors named in the BMP Patent and assigned to CE within 3 years from the effective date of the agreement.

Morphogen-IX must use commercially reasonable efforts to develop and commercialize the Licensed Products in accordance with the development plan, to introduce Licensed Products into the commercial market and to market Licensed Products after such introduction in the market, and to commit the necessary and available funding and personnel to maximize sales and corresponding return to CE under the Licence Agreement. Morphogen-IX, at its own cost, has the right to control the prosecution, maintenance and enforcement of the BMP Patents. CE has certain step-in rights if Morphogen-IX does not conduct certain BMP patent-related activities as set forth in the Licence Agreement.

In consideration for the rights granted by CE under the Licence Agreement, Morphogen-IX is obligated to reimburse CE for out-of-pocket expenses incurred by CE prior to the effective date of the Licence Agreement and pay an annual license fee of $14,000 (£10,000 at an exchange rate of 0.73).

Additionally, Morphogen-IX is obligated to pay CE certain milestone payments in the aggregate amount of up to $1.0 million (£0.8 million at an exchange rate of 0.73) upon the achievement of certain development and regulatory milestones. Upon commercialization of any Licensed Products, Morphogen-IX is obligated to pay CE a low single-digit royalty based on Morphogen-IX's or its sublicensee's annual net sales for each Licensed Product in the relevant country until the expiry of the royalty term, subject customary royalty deductions for necessary third party licenses. In countries where valid claims exist under the licensed patents, royalties are payable on a Licensed Product-by-Licensed Product and country-by-country basis until there are no more valid claims under the licensed patents in the relevant country.

Unless terminated earlier, the agreement will be in effect until the licensed patents have expired or been revoked without a right of further appeal; Morphogen-IX retains the right to use the licensed know-how in such circumstances. Morphogen-IX may terminate the Licence Agreement at any time for convenience with adequate written notice to CE. Either party may terminate the Licence Agreement based on customary termination rights. CE retains the right to terminate the agreement if Morphogen-IX challenges the validity or ownership of the BMP patents.

Palladio Biosciences (Palladio) License

As of December 15, 2020, Palladio owns one pending US patent application and five pending foreign applications in Japan, Europe, Australia, Canada and Korea. Palladio's patent portfolio includes claims directed to methods of treatment with lixivaptan. The pending patent applications, if issued, are expected to expire in 2038, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity, or other governmental fees.

In July 2016, Palladio acquired Cardiokine, Inc. from Chiesi USA, Inc. (Chiesi). In connection with the acquisition, Palladio acquired a license from Wyeth (now Pfizer) for lixivaptan and inherited certain historical contingent payment obligations (see below "Payments due to certain former Cardiokine stakeholders") and agreed to make certain contingent consideration payments to Chiesi (see below "Payments due to Chiesi"). Palladio subsequently acquired the rights due to certain (but not all) former Cardiokine stakeholders, reducing the contingent future obligations (the "Repurchased Rights").

Under the license agreement, Wyeth granted to Palladio an exclusive, worldwide, perpetual, sublicensable license under certain patents and know-how to research, develop, manufacture and commercialize, or exploit, products containing lixivaptan, or Licensed Products, in all fields other than veterinary use. All in-licensed patents directed to composition of matter of lixivaptan and certain methods of use related to lixivaptan have expired.

Palladio is obligated to use commercially reasonable efforts to exploit the Licensed Products in the United States, Canada, United Kingdom (UK) and certain European Union (EU) countries. Before Palladio can enter into a marketing partnership, co-promotion or other similar relationship for a Licensed Product for an indication in a country, Chiesi has a right of first negotiation to enter into such a marketing partnership with Palladio.

Unless earlier terminated, the license agreement will terminate on a country-by-country basis upon the later of (i) the expiration of the last to expire licensed patent, or (ii) ten years after the first commercial sale of each Licensed Product in such country. In any such terminated country, Palladio has an irrevocable, nonexclusive, fully paid-up, perpetual and royalty-free, fully transferable license under the licensed patents and licensed know-how to manufacture and commercialize such Licensed Product in such country, with the right to grant sublicenses. In certain cases, Palladio may terminate the license agreement for convenience with written notice to Wyeth. Either party may terminate if the other party materially breaches the license agreement or becomes insolvent. Palladio may assign the License Agreement without Wyeth's prior consent in connection with the acquisition of Palladio. In all other cases, Palladio must obtain the prior written consent of Wyeth before assigning the license agreement.

Palladio has certain milestone obligations and certain royalty obligations arising in the event a Licensed Product is commercialized and the corresponding sales milestones are met as follows:

Payments due to Chiesi

The terms of the Cardiokine acquisition from Chiesi included certain contingent consideration payments which would be due to Chiesi in the event a Licensed Product is commercialized. Such payments are structured as a tiered percentage of net sales with aggregate annual payment to Chiesi capped at $32.5 million.

Payments due to certain former Cardiokine stakeholders

There are certain consideration payments previously agreed with Cardiokine stakeholders that were inherited by Palladio when it acquired Cardiokine and such payment obligations remain and would be due in the event the payment criteria are met. These comprise sales based milestones and royalty payments, including sales based milestones to former stakeholders of up to $16.3 million and low single digit royalty payments (the first $19 million of which would be due to Pfizer). In all cases these amounts take into account the effect of the Repurchased Rights.

In the event Palladio sublicenses the ex-US rights to the Licensed Product to third parties, Palladio is further obligated to share any up-front payments and royalties it earns from such ex-US sublicenses, subject to certain caps, with the former Cardiokine stakeholders. Certain other obligations arise if Palladio develops the Licensed Product for indications other than ADPKD.

ApcinteX Limited License Agreement

In December 2016, ApcinteX entered into an Exclusive Patent and Non-Exclusive Know-How License Agreement (ApcinteX License Agreement) with Cambridge Enterprise Limited (CE), which is a company wholly owned by the University of Cambridge. Under the License Agreement, ApcinteX obtained from CE an exclusive, worldwide, royalty-bearing, sublicensable (subject to certain requirements) license under certain patent rights and technical information, know-how and materials specific to modified serpins for the treatment of bleeding disorders, or the Exclusive Know-How, for the field of development, manufacture and sale of licensed products, processes or uses, or Licensed Products, for the diagnosis, prognosis and treatment of human disease. ApcinteX also obtained a non-exclusive, worldwide, royalty-bearing, sublicensable (subject to certain requirements) license to additional technical information, know-how and materials, or the Non-Exclusive Know-How for the development, manufacture and sale of Licensed Products in the field. The licensor has, in accordance with its standard practice, retained an irrevocable, worldwide, royalty-free right to use the licensed patents and know-how for publication, teaching, academic research, and clinical patient care, but specifically excluding any commercial use or exploitation on behalf of the inventors and the University of Cambridge and other associated institutions.

ApcinteX also has the right to license, with the rights to sublicense, certain improvements, modifications, new applications and other developments, either on an exclusive basis or non-exclusive basis, as applicable, that are generated by, or under the supervision of, Dr. Trevor Baglin or Professor Jim Huntington, and are disclosed by CE to ApcinteX related to the field for a period of three years after the effective date of the license.

In exchange for the rights under the ApcinteX License Agreement, ApcinteX granted to CE a number of ordinary shares of ApcinteX and paid an upfront license fee, and reimbursed CE for out-of-pocket expenses incurred by CE prior to the entry into the ApcinteX License Agreement.

ApcinteX is also obligated to pay to CE an annual license fee equal to low double-digit thousands of pounds sterling, and for each Licensed Product, total aggregate milestone payments in the upper hundreds of thousands of pounds sterling upon meeting certain clinical and approval milestones. Upon commercialization of any Licensed Products, ApcinteX is obligated to pay to CE a flat low-single digit royalty based on ApcinteX's and its sublicensees' net sales. In countries where valid claims exist under the licensed patents, royalties are payable once on a Licensed Product-by-Licensed Product and country-by-country basis until there are no more valid claims under the licensed patents in the relevant country, subject to a customary step-down if ApcinteX considers it necessary to obtain a license to third party patents.

ApcinteX may terminate the ApcinteX License Agreement at any time for convenience with written notice to CE. CE has the right to terminate the agreement if ApcinteX challenges the validity or ownership of the licensed patents. Either party may terminate if the other party materially breaches the ApcinteX License Agreement without remedy, becomes insolvent, or in the event of force majeure. ApcinteX may assign the ApcinteX License Agreement without CE's prior consent in connection with a transfer of substantially all of ApcinteX's assets. In all other cases, ApcinteX would be required to obtain the prior written consent of CE before assigning its rights and obligations under the ApcinteX License Agreement.

PearlRiver C797 License Agreement

In June 2020, PearlRiver entered to an assignment agreement with Lead Discovery Center GmbH and TU Dortmund, together the Assignors, involving small molecule inhibitors of C797 mutated EGFR and related inventions (C797, or Product). Under the assignment agreement, the Assignors each and jointly sold, assigned and transferred to PearlRiver their entire right, title and interest to certain know-how, patent application, invention disclosures, chemical and biological materials, and data analyses related to C797, or Assigned Technology. PearlRiver has the sole right but not the obligation to control patent prosecution at its own cost. To the extent requested by PearlRiver, and not included under the Assigned Technology, Assignors also agreed to grant a worldwide, non-exclusive, irrevocable, perpetual, transferable, right and license under C797 related intellectual property rights and/or know-how, for the purpose of developing, manufacturing, marketing, selling and/or otherwise commercializing any products or medical technology based on or comprising C797. PearlRiver is obligated to use commercially reasonable efforts commercialize one or more Products at its own expense.

In consideration for the rights under the assignment agreement, PearlRiver paid Assignors an upfront fee in the mid-to-high five-digit range in euros. In addition, PearlRiver is obligated to pay Assignors up to a high single-digit millions in euros in total aggregate milestone payments upon meeting certain clinical and approval milestones and up to low double digit millions in euros in total aggregate sales milestone payments.

Upon commercialization of any Products, PearlRiver is obligated to pay to Assignors a tiered low single-digit royalty based on annual net sales on a Product-by-Product and country-by-country basis until the expiry of the royalty term. The royalty term will expire upon the later of (i) the date on which the manufacture, distribution, use, marketing or sale of such Product in such country no longer infringes a valid claim of a patent in such country or (ii) ten years from the date of the first commercial sale of such Product in such country. The royalty payments are subject to certain reductions if for third party licenses.

If PearlRiver materially breaches the assignment agreement (including a breach of payment obligations), the Assignors may withdraw from the agreement. In such event, PearlRiver is obligated to retransfer its rights to the Assigned Technology to the Assignors. However, in case of withdrawal, PearlRiver will automatically receive a non-exclusive, transferable license, which includes the right to sublicense in multiple tiers, to use the Assigned Technology for the development, manufacture, testing, authorization and/or commercialization of any technology and/or compounds, drug substance and/or drug products based on C797 and/or the Assigned Technology. PearlRiver will still be responsible for any milestone and royalty payments described above.

PearlRiver Lead Discovery Center License Agreement

In March 2019, Lead Discovery Center GmbH (Lead Discovery) entered into a license agreement with PearlRiver related to small molecule inhibitors of Her2 and EGFR carrying Exon 20 mutations. Under the license agreement, PearlRiver obtained an exclusive, worldwide, transferable and sublicensable (subject to certain conditions) license, under certain patents, patent applications, technical information and licensed know-how, to research, develop, make, use, manufacture, have manufactured, offer, promote, sell, import or export products that use or incorporate the licensed know-how and technology. PearlRiver also obtained a non-exclusive, worldwide, transferable and sublicensable (subject to certain conditions) license, under the Lead Discovery's background intellectual property, to research, develop, make, use, manufacture, have manufactured, offer, promote, sell, import or export products and/or otherwise exploit the licensed technology. Lead Discovery retains the non-exclusive, non-transferable, cost-free right to make, have made and use specific materials for internal non-commercial scientific research purposes, and to provide materials for non-commercial collaborations not interfering with the development of the products under the license agreement, and for other scientific purposes solely to non-profit research organisations.

In consideration for the rights under the license agreement, PearlRiver is to pay Lead Discovery low single-digit royalties on the net sales of each licensed product that is sold or supplied by PearlRiver or any of its sublicensees (subject to certain scenarios). Royalties are on a product-by-product and country-by country basis. Payments will

commence with the first commercial sale of such product in a country and continue for the later of: (i) the date on which the manufacture, distribution, marketing or sale of a Product no longer infringes a valid claim (being a claim from an unexpired patent right or a patent application using the licensed technology) in such country; or (ii) ten years after the first commercial sale in such country. Additionally, PearlRiver is required to pay certain one-time tiered milestone payments, on a molecule-by-molecule basis, in the low double digits million pounds sterling, and a one-time low double digits million pounds sterling sales milestone once cumulative net sales equal or exceed £0.5BN.

The license agreement lasts until terminated or until the last royalty term expires. PearlRiver may terminate the agreement for convenience at its sole discretion with adequate written notice to Lead Discovery. Each party has customary termination rights in the event of breach. Lead Discovery is able to terminate in the event PearlRiver notifies Lead Discovery of an intent to cease activities related to the licensed technology or the termination of the development of all Exon 20 development activities. In the event of termination, all licenses would cease and all research, development, manufacturing, marketing, sales and distribution of products that use or incorporate the licensed know-how and any other use of the patents would end. Additionally, if PearlRiver terminates the license agreement for convenience, it must transfer certain inventions, intellectual property, records and title and interest in and to regulatory filings rights back to Lead Discovery. In the event PearlRiver terminates the license agreement due to a breach by Lead Discovery, PearlRiver would retain a non-exclusive, worldwide, perpetual, irrevocable, royalty-free, sublicensable license to licensed technology to the extent necessary to enable the use of research results for the purpose of researching, developing, making, using, selling and importing products in the field.

Orexia License Agreement

In January 2019, Heptares Therapeutics Limited entered into a license, assignment, and research services agreement with Orexia Limited, which was amended and restated in 2020 (together the agreement), relating to certain specific molecules with, among other criteria, the primary mode of action of an orexin agonist or orexin positive modulator (Molecules). Under the agreement, Heptares assigned to Orexia all of Heptares' right, title, and interest in and to intellectual property that is already in existence and that is developed as a result of the agreement that relates solely to Molecules or products that contain Molecules (Products) , including all rights to obtain patent or similar protection throughout the world for such intellectual property and to take any and all actions regarding past infringements of existing intellectual property. Additionally, Heptares granted to Orexia an exclusive, sublicensable (subject to certain terms) license to make, import, export, use, sell, or offer for sale, including to development, commercialization, registration, modification, enhancement, improvement, manufacturing, holding, keeping or disposing of Molecules and Products. Orexia granted to Heptares a non-exclusive license with the right to grant certain sublicenses under Molecule-specific intellectual property and Orexia intellectual property that is necessary or useful for the exploitation of a Molecule or Product. Heptares must not by itself or through a third party (other than a single company) exploit, use or dispose of (*inter alia*) any product in the field of orexin agonism and orexin positive modulation for the duration of the agreement and for three years thereafter.

In consideration for the assignment and license, Orexia is to pay Heptares a royalty in the low single-digits on net sales of Products (subject to limitations in certain scenarios) . Royalties are on a Product-by-Product and country-by country basis. Payments shall commence with the first commercial sale of such product in a country and shall continue until the later of: (a) the duration of regulatory exclusivity in the country; or (b) ten years after the first commercial sale. Further, Orexia is responsible for all development costs incurred by itself or Heptares in the performance of the research program (within the confines of the research budget). Additionally, Orexia must pay Heptares, on a Molecule-by-Molecule basis, development milestone payments in the aggregate of a low double-digit number in the millions of pounds sterling. Milestone payments are payable once per Molecule.

Orexia may terminate the agreement at any time following the expiration or termination of the research program. In addition, customary termination rights exist for both parties for breach and insolvency. In the event of termination, all licenses automatically terminate.

The term of the agreement is until the later of: (i) the expiration of the last to expire patent within the licensed intellectual property; (ii) the expiration of the royalty term; and (iii) the fifteenth anniversary of the effective date. Upon expiration, with respect to any given Molecule, the license granted to Orexia shall become perpetual, irrevocable, and fully-paid up.

LockBody IP Assignment

Our subsidiary, LockBody (formerly known as UltraHuman Six Limited, or UH6) has obtained from UltraHuman Limited, or UH, an assignment of all intellectual property rights, title, and interest related to the LockBody platform. In September 2019, UH and UH6 entered into an Amended and Restated Intellectual Property Assignment Agreement, or IP Assignment, expanding the prior April 2017 IP Assignment related to the UH6 antibodies, to further include intellectual property related to the Lockbody platform technology which enables the activity of pharmaceutically-active molecules such as an antibody or receptor proteins to be locked inside a carrier molecule in an inactive prodrug state, until the prodrug so encapsulated is activated within a desired tissue, whereon the prodrug is released, including the use of platform technology with an antibody.

Lockbody also owns certain patent rights related to the LB1 bispecific antibody targeting CD47 for the treatment of solid tumors.

Janpix Limited License Agreement

In July 2017, Janpix entered into a license agreement with the Governing Council of the University of Toronto (UT) related to direct small molecule modulators of signal transducer and activator of transcription 3 (STAT 3) and signal transducer and activator of transcription 5 (STAT 5). Under the license agreement, Janpix obtained an exclusive, worldwide, sublicensable (subject to certain conditions) license, or the UT License, under certain patents and know-how, or Licensed Technology, to research, develop, manufacture, market, sell, distribute and commercially exploit any licensed products for all uses in humans and animals, or the Field. UT has retained for itself and certain other institutions, a customary right of use to the Licensed Technology for academic research and educational purposes. Additionally, Janpix has the right to exclusively license, with the right to sublicense, certain improvements to the Licensed Technology under the license agreement. Janpix also has an option right to negotiate a new license grant to any other intellectual property related to STAT 3 and/or STAT 5 inhibitors that is not considered an improvement under the license agreement.

Upon satisfaction of certain development and regulatory milestones, Janpix may be obligated to pay to UT total aggregate milestone payments in the teens of millions of dollars upon the achievement of certain development and regulatory milestones. Janpix is also obligated to pay to UT aggregate sales milestone payments up to in the teens of millions of dollars based on total worldwide aggregate annual net sales for all licensed products containing a Licensed Compound. Each milestone payment is payable only once for a licensed product during term of the license agreement. Upon commercialization of any licensed products, Janpix is obligated to pay to UT a flat low to mid-single digit royalty based on Janpix's and its sublicensees' net sales, subject to certain royalty reductions when there are no more valid claims under the licensed patents in the relevant country or if Janpix deems it necessary to obtain a license to third party patents to avoid infringement.

Unless terminated earlier, the license agreement expires on the date that the underlying patents expire and there is no possibility of any applications in the patents proceeding to grant. Janpix may terminate the agreement upon reasonable grounds with adequate written notice. Either party may terminate the license agreement based on customary termination rights, or if UT challenges the validity of patents or the substantial or secret nature of the licensed know-how. In the event of termination, all licenses shall cease and revert to the relevant institution, and Janpix must cease all exploitation of the Licensed Technology.

See "Business—Intellectual Property and License Agreements" for more information.

Components of Results of Operations

Revenues

The Centessa Predecessor Group, Palladio, ApcinteX and the Centessa Successor have not generated any revenue. The ability to generate product revenue and to become profitable will depend upon the ability to successfully develop, obtain regulatory approval and commercialize any current and future product candidates. Because of the numerous risks and uncertainties associated with product development and regulatory approval, the Group, Palladio, ApcinteX and the Centessa Successor are unable to predict the amount or timing of product revenue.

Research and Development Expense

Research and development expenses consist primarily of costs incurred in connection with the discovery and development of the Group's and the Centessa Successor's clinical and preclinical programs, net of reimbursements. Research and development costs are expensed as incurred. These expenses include:

- expenses incurred to conduct the necessary preclinical studies and clinical trials required to obtain regulatory approval;
- milestone payments pursuant to the license agreements;
- personnel expenses, including salaries, benefits and share-based compensation expense for employees engaged in research and development functions;
- costs of funding research performed by third parties, including pursuant to agreements with contract research organizations, or CROs, as well as investigative sites and consultants that conduct preclinical studies and clinical trials;
- expenses incurred under agreements with contract manufacturing organizations, or CMOs, including manufacturing scale-up expenses and the cost of acquiring and manufacturing preclinical study and clinical trial materials;
- fees paid to consultants who assist with research and development activities;
- expenses related to regulatory activities, including filing fees paid to regulatory agencies; and
- allocated expenses for facility costs, including rent, utilities, depreciation and maintenance.

Research and development activities are central to Group's and the Centessa Successor's business model. Product candidates in later stages of clinical development will generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. The Centessa Successor expects research and development expenses to increase significantly over the next several years due to increases in personnel costs, including share-based compensation, increases in costs to conduct clinical trials for current product candidates and other clinical trials for future product candidates and prepare regulatory filings for any product candidates.

The successful development of the Centessa Successor's current or future product candidates is highly uncertain. At this time, the Centessa Successor cannot reasonably estimate or know the nature, timing and costs of the efforts that will be necessary to complete the remainder of the development of current or future product candidates, or when, if ever, material net cash inflows may commence from product candidates. This uncertainty is due to the numerous risks and uncertainties associated with the duration and cost of clinical trials, which vary significantly over the life of a project as a result of many factors, including:

- delays in regulators or institutional review boards authorizing the Centessa Successor or its investigators to commence our clinical trials, or in the Centessa Successor's ability to negotiate agreements with clinical trial sites or CROs;

- the ability to secure adequate supply of product candidates for trials;
- the number of clinical sites included in the trials;
- the ability and the length of time required to enroll suitable patients;
- the number of patients that ultimately participate in the trials;
- the number of doses patients receive;
- any side effects associated with product candidates;
- the duration of patient follow-up;
- the results of clinical trials;
- significant and changing government regulations; and
- launching commercial sales of product candidates, if and when approved, whether alone or in collaboration with others.

The Centessa Successor's expenditures are subject to additional uncertainties, including the terms and timing of regulatory approvals. Centessa Successor may never succeed in achieving regulatory approval for their product candidates. The Centessa Successor may obtain unexpected results from clinical trials and may elect to discontinue, delay or modify clinical trials of product candidates. A change in the outcome of any of these variables with respect to the development of a product candidate could mean a significant change in the costs and timing associated with the development of that product candidate. For example, if the EMA, FDA, other comparable regulatory authorities were to require the Centessa Successor to conduct clinical trials beyond those that are currently anticipated, or if the Centessa Successor experiences significant delays in enrollment in any clinical trials, the Centessa Successor could be required to expend significant additional financial resources and time on the completion of clinical development. Product commercialization will take several years, and the Centessa Successor expects to spend a significant amount in development costs.

Research and Development Tax Incentives

Centessa Predecessor Group, Centessa Successor and ApcinteX participate in research tax incentive programs that are granted to companies by the United Kingdom and European tax authorities in order to encourage them to conduct technical and scientific research. Expenditures that meet the required criteria are eligible to receive a tax credit that is reimbursed in cash. Estimates of the amount of the cash refund expected to be received are determined at each reporting period and recorded as reductions to research and development expenses. In the future periods the Centessa Successor does not expect to continue to benefit from this program after becoming a public company unless the Centessa Successor is considered a small or medium-sized entity in the United Kingdom.

General and Administrative Expense

General and administrative expense consists primarily of personnel expenses, including salaries and benefits for employees in certain executive functions and share-based compensation. General and administrative expense also includes corporate facility costs, including rent, utilities, depreciation and maintenance, not otherwise included in research and development expense, as well as legal fees related to intellectual property and corporate matters and fees for accounting and consulting services.

Change in Fair Value of Derivative Liability

Change in fair value of derivative liability reflects the change in the fair value of the embedded redemption feature contained in the Group's and Palladio's convertible term notes in 2019 and 2020. As a result of the

convertible notes being convertible into a variable number of shares of the Group's and Palladio's preferred stock, this embedded redemption feature was bifurcated from the convertible debt at each issuance date and recorded at fair value. The derivative has been remeasured at each reporting period until settled. In connection with Palladio's Series B financing in September 2020 and Centessa's acquisition of the Group and concurrent Series A financing event in January 2021, the outstanding principal, interest and derivative liability were settled in their entirety and are no longer subject to remeasurement.

Amortization of Debt Discount

Amortization of debt discount primarily consists of the bifurcation of the embedded redemption feature associated with the Group's and Palladio's convertible term notes. The debt discount was amortized over the life of the loans until they were settled in September 2020 for Palladio and subsequent to December 31, 2020 for the Group.

Interest Expense, net

Interest expense consists of interest on proceeds received under convertible term loans, partially offset by interest income earned from the Group's, the Centessa Successor's, Palladio's and ApcinteX's cash.

Gain on Extinguishment of Debt

Gain on extinguishment of debt is attributable to the forgiveness of the outstanding principal and accrued interest under a loan agreement with portfolio company owned by certain Group investors.

Income Tax Expenses

Since inception, the Group, Palladio and ApcinteX have incurred significant net losses. As of December 31, 2020, the Group has combined net operating loss carryforwards, or NOLs, of $12.4 million. Palladio and ApcinteX had NOLs of $8.7 million and $6.3 million, respectively as of December 31, 2020. A valuation allowance has been provided for and against the full amount of the deferred tax assets since, in the opinion of management, based upon earnings history, it is more likely than not that the benefits will not be realized. There were no material changes in the Group's, Palladio's and ApcinteX's tax position, and they remained in a full valuation allowance position as of December 31, 2020.

Utilization of NOLs may be subject to a substantial annual limitation. The Group, Palladio and ApcinteX have recorded a valuation allowance on substantially all of the deferred tax assets, including deferred tax assets related to net operating loss carryforwards.

Results of Operations

Centessa Predecessor Group and Centessa Successor

The following table sets forth the Group's results of operations for the three months ended March 31, 2020 and for the period from January 1, 2021 through January 29, 2021 and the Centessa Successor for the period from January 30, 2021 through March 31, 2021(in thousands):

	Predecessor		Successor
	Centessa Predecessor Group Combined Three Months Ended March 31, 2020	Centessa Predecessor Group Combined Period from January 1, 2021 through January 29, 2021	Centessa Pharmaceuticals Limited Consolidated Period from January 30, 2021 through March 31, 2021
Operating expenses:			
Research and development	$ 2,809	$ 600	$ 10,142
General and administrative	383	121	8,092
Acquired in-process research and development	—	—	220,454
Loss from operations	(3,192)	(721)	(238,688)
Interest income (expense), net	(16)	(9)	(3)
Amortization of debt discount	(70)	(37)	—
Gain on extinguishment of debt	267	—	—
Net loss	$ (3,011)	$ (767)	$ (238,691)

Research and Development Expenses

Direct research and development costs are tracked on a program-by-program basis and consist primarily of external costs, such as fees paid to consultants, contractors, CMOs and CROs in connection with preclinical and clinical development activities. License fees and other costs incurred after a product candidate has been designated and that are directly related to the product candidate are included in direct research and development expenses for that program. License fees and other costs incurred prior to designating a product candidate are included in early stage research programs.

The following table summarizes research and development expenses by program incurred for the following periods (in thousands):

	Predecessor		Successor
	Centessa Predecessor Group Combined Three Months Ended March 31, 2020	Centessa Predecessor Group Combined Period from January 1, 2021 through January 29, 2021	Centessa Pharmaceuticals Limited Consolidated Period from January 30, 2021 through March 31, 2021
ZF874 (Z Factor)	$ 1,440	$ 323	$ 993
LB1 (Lockbody)	364	135	268
LB2 (Lockbody)	246	106	336
MGX292 (Morphogen-IX)	805	125	594
Lixivaptan (Palladio)	—	—	1,085
SerpinPC (Apcintex)	—	—	444
PearlRiver (preclinical)	—	—	285
Imgatuzumab (Pega One)	—	—	748
CBS001/CBS004 (Capella)	—	—	617
Janpix (preclinical)	—	—	651
Inexia and Orexia (preclinical)	—	—	2,070
Other preclinical and clinical development expenses	127	35	1,437
Personnel expenses	351	98	2,589
Research tax credits	(524)	(222)	(1,975)
	$ 2,809	$ 600	$ 10,142

Research and development expenses for the Centessa Predecessor Group for the three months ended March 31, 2020 was $2.8 million compared to $0.6 million and $10.1 million for the Centessa Predecessor Group during the period from January 1, 2021 through January 29, 2021 and Centessa Successor for the period from January 30, 2021 through March 31, 2021, respectively. The $7.9 million increase is primarily attributable to the number of product candidates under development following the acquisition of the Centessa Subsidiaries in January 2021. The increase in personnel related expenses includes an increase in headcount and increase in share-based compensation expense of $1.1 million which is primarily attributable to the immediate recognition of the certain replacement awards issued to the Centessa Subsidiaries and the options granted in February and March 2021.

General and Administrative Expense

The following table summarizes the general and administrative expenses for the following periods (in thousands):

	Predecessor		Successor
	Centessa Predecessor Group Combined Three Months Ended March 31, 2020	Centessa Predecessor Group Combined Period from January 1, 2021 through January 29, 2021	Centessa Pharmaceuticals Limited Consolidated Period from January 30, 2021 through March 31, 2021
Personnel expenses	$ —	$ —	$ 2,213
Facilities and supplies	1	—	38
Legal and professional fees	378	117	2,289
Other expenses	4	4	3,552
	$ 383	$ 121	$ 8,092

General and administrative expenses for the Centessa Predecessor Group for the three months ended March 31, 2020 was $0.4 million compared to $0.1 million and $8.1 million for the Centessa Predecessor Group during the period from January 1, 2021 through January 29, 2021 and Centessa Successor for the period from January 30, 2021 through March 31, 2021, respectively. The $7.8 million increase is primarily attributable to the asset acquisitions of the Centessa Subsidiaries in January 2021. In addition, the increase in personnel related expenses includes an increase in headcount and an increase in share-based compensation expense of $1.1 million which is primarily attributable to the immediate recognition of the certain replacement awards issued to the Centessa Subsidiaries and the options granted in February and March 2021 by the Centessa Successor.

Acquired In-Process Research and Development

During the period from January 30, 2021 through March 31, 2021, the Centessa Successor recognized $220.5 million of expense associated with research and development projects of the Centessa Subsidiaries which were in-process with no alternative future use.

Amortization of Debt Discount

Amortization of debt discount for the Centessa Predecessor Group for the three months ended March 31, 2020 was $70,000 compared to $37,000 for the Centessa Predecessor Group during the period from January 1, 2021 through January 29, 2021. The decrease was primarily attributable the completion of the settlement of convertible term loans upon the sale of the Centessa Successor Series A preferred shares in January 2021 that triggered a conversion of the outstanding convertible term notes and immediate recognition of all unamortized debt discount balances.

Interest Income (Expense), net

Interest income (expense), net for the Centessa Predecessor Group for the three months ended March 31, 2020 was $16,000 compared to $9,000 and $3,000 for the Centessa Predecessor Group during the period from January 1, 2021 through January 29, 2021 and Centessa Successor for the period from January 30, 2021 through March 31, 2021, respectively. The $4,000 decrease is primarily attributable to the settlement of the outstanding convertible term notes in January 2021.

Gain on Extinguishment of Debt

Gain on extinguishment of debt for the Centessa Predecessor Group for the three months ended March 31, 2020 was $0.3 million, attributable to the extinguishment of loans from related party investors.

Centessa Predecessor Group

Comparison of the Years Ended December 31, 2019 and 2020

The following table sets forth the Group's results of operations for the year ended December 31, 2019 and 2020 (in thousands):

	Year Ended December 31,	
	2019	2020
Operating expenses:		
Research and development	$ 4,263	$ 9,301
General and administrative	790	1,139
Loss from operations	(5,053)	(10,440)
Interest income (expense), net	5	(68)
Change in fair value of derivative liability	—	(186)
Amortization of debt discount	(118)	(310)
Gain on extinguishment of debt	105	341
Net loss	$ (5,061)	$ (10,663)

Research and Development Expense

The Group tracks outsourced development, outsourced personnel costs and other external research and development costs of specific programs. The following table summarizes the Group's research and development expenses for the year ended December 31, 2019 and 2020 (in thousands):

	Year Ended December 31,		
	2019	2020	Change
ZF874	$ 1,294	$ 3,121	$ 1,827
LB1	899	1,349	450
LB2	371	1,200	829
MGX292	1,688	3,566	1,878
Other research and development expenses	299	573	274
Personnel expenses	999	1,691	692
Research tax credits	(1,287)	(2,199)	(912)
	$ 4,263	$ 9,301	$ 5,038

Research and development expenses for the year ended December 31, 2019 were $4.3 million, compared to $9.3 million for the year ended December 31, 2020. The increase of $5.0 million was primarily due to the increase in clinical development of activities and expenses for the product candidates. Costs associated with Z Factor's lead candidate, ZF874, increased $1.8 million from $1.3 million in 2019 to $3.1 million in 2020 as Z Factor initiated its Phase 1 clinical trial and dosed its first human patient in August 2020. Costs associated with LockBody's lead candidates, LB1 and LB2, increased $1.3 million in the aggregate from $1.2 million in 2019 to $2.5 million in 2020 as LockBody initiated its preclinical evaluation and cell line development for LB1 and lead optimization for LB2. Costs associated with Morphogen-IX's lead candidate, MGX292, increased $1.9 million from $1.7 million in 2019 to $3.6 million in 2020 and primarily attributable to ongoing preclinical development in preparation for submitting an investigational new drug application. Other research and development expenses increased $0.3 million from $0.3 million in 2019 to $0.6 million 2020 in connection with preclinical activities and discovery efforts for other programs. Personnel related expenses increased $0.7 million from $1.0 million in 2019 to $1.7 million in 2020 and was attributable to the increase in research and development employee headcount. These increases were offset by an increase in research tax credits of $0.9 million earned as a result of the increase in qualified research and development expenses in 2020 when compared to 2019.

General and Administrative Expense

The following table summarizes the Group's general and administrative expenses for the years ended December 31, 2019 and 2020 (in thousands):

	Year Ended December 31,		
	2019	2020	Change
Personnel expenses	$ 46	$ 62	$ 16
Facilities and supplies	14	6	(8)
Legal and professional fees	612	1,031	419
Other expenses	118	40	(78)
	$ 790	$ 1,139	$ 349

General and administrative expenses for the year ended December 31, 2019 were $0.8 million, compared to $1.1 million for the year ended December 31, 2020. The increase of $0.3 million was primarily attributable to an increase of in legal and professional fees of $0.4 million that were partially offset by a $78,000 decrease in other administrative expenses.

Change in Fair Value of Derivative Liability

The Group recognized $0.2 million for the change in fair value of the derivative liability for the year ended December 31, 2020 and attributable to the bifurcated redemption feature associated with convertible term loans that are subject to remeasurement at each reporting period until the loans are settled.

Amortization of Debt Discount

The Group recognized $0.1 million of amortization of debt discount for the year ended December 31, 2019 compared to $0.3 million for the year ended December 31, 2020. The $0.2 million increase is attributable to the additional principal borrowings in 2020 and related bifurcated redemption feature that is recorded as a debt discount and subsequently amortized.

Interest Income (Expense), net

The Group recognized $5,000 net interest income during the year ended December 31, 2019 and primarily attributable to the cash balances held in financial institutions compared to $68,000 of net interest expense during the year ended December 31, 2020 attributable to the convertible debt borrowings.

Gain on Extinguishment of Debt

The Group recognized a gain on extinguishment of $0.1 million and $0.3 million during the year ended December 31, 2019 and 2020, respectively attributable to the extinguishment of loans from related party investors.

Palladio Biosciences, Inc.

Comparison of Nine Months Ended December 31, 2019 and the Year Ended December 31, 2020

The following table sets forth our results of operations for the nine months ended December 31, 2019 and the year ended December 31, 2020 (in thousands):

	Nine Months Ended December 31, 2019	Year Ended December 31, 2020
Operating expenses:		
Research and development	$ 5,557	$ 5,449
General and administrative	1,353	3,223
Loss from operations	(6,910)	(8,672)
Change in fair value of derivative liability	—	(967)
Amortization of debt discount	(1,072)	(2,386)
Interest expense, net	(408)	(882)
Loss before tax	(8,390)	(12,907)
Net loss	$ (8,390)	$ (12,907)

Research and Development Expense

Palladio tracks outsourced development, outsourced personnel costs and other external research and development costs for lixivaptan. The following table summarizes Palladio's research and development expenses for the nine months ended December 31, 2019 and the year ended December 31, 2020 (in thousands):

	Nine Months Ended December 31, 2019	Year Ended December 31, 2020	Change
Lixivaptan	$ 4,799	$ 4,195	$ (604)
Personnel expenses	735	1,228	493
Other expenses	23	26	3
	$ 5,557	$ 5,449	$ (108)

Research and development expenses for the nine months ended December 31, 2019 were $5.6 million, compared to $5.4 million for the year ended December 31, 2020. The decrease of $0.1 million was primarily due to the completion of Palladio's Phase 2 clinical trial for lixivaptan in 2020 offset by an increase in personnel costs which was attributable to the increase in research and development employee headcount. The decrease is also attributable to the comparison of nine months and twelve months of operating activity for 2019 and 2020, respectively.

General and Administrative Expense

The following table summarizes Palladio's general and administrative expenses for the nine months ended December 31, 2019 and the year ended December 31, 2020 (in thousands):

	Nine Months Ended December 31, 2019	Year Ended December 31, 2020	Change
Personnel expenses	$ 788	$ 2,427	$1,639
Facilities and supplies	104	213	109
Legal and professional fees	169	345	176
Other expenses	292	238	(54)
	$ 1,353	$ 3,223	$1,870

General and administrative expenses for the nine months ended December 31, 2019 were $1.4 million compared to $3.2 million for the year ended December 31, 2020. The increase of $1.9 million was attributable to $1.6 million in personnel expenses due to increases in executive and operational headcounts, $0.1 million in facilities and supplies and $0.2 million in legal and professional fees in support of patent portfolio.

Change in Fair Value of Derivative Liability

Palladio recognized $1.0 million for the change in fair value of the derivative liability for the year ended December 31, 2020 that was attributable to the settlement of Palladio's convertible debt and derivative liability in September 2020 upon completing the sale of its Series B convertible preferred stock.

Amortization of Debt Discount

Palladio recognized $1.1 million of amortization of debt discount for the nine months ended December 31, 2019 compared to $2.4 million for the year ended December 31, 2020. The $1.3 million increase is attributable to the acceleration of amortization upon settlement of the convertible debt derivative liability in September 2020.

Interest Expense, net

Palladio recognized $0.4 million and $0.9 million in interest expense, net of interest income, for the nine months ended December 31, 2019 and the year ended December 31, 2020, respectively. The $0.5 million increase in expense is attributable to the additional convertible debt borrowings from May 2019 through December 2019 and in July 2020. Interest income recognized from cash and cash equivalent balances held in financial institutions was immaterial for each period.

ApcinteX Limited

Comparison of the Years Ended December 31, 2019 and 2020

The following table sets forth our results of operations for the years ended December 31, 2019 and 2020 (in thousands):

	Year Ended December 31,	
	2019	2020
Operating expenses:		
Research and development	$ 4,848	$ 2,582
General and administrative	226	297
Loss from operations	(5,074)	(2,879)
Interest income, net	18	7
Loss before tax	(5,056)	(2,872)
Net loss	$ (5,056)	$ (2,872)

Research and Development Expense

ApcinteX tracks outsourced development, outsourced personnel costs and other external research and development costs of specific programs. The following table summarizes the ApcinteX's research and development expenses for the year ended December 31, 2019 and 2020 (in thousands):

	Year Ended December 31,		
	2019	2020	Change
SerpinPC	$ 4,863	$ 1,934	$(2,929)
Preclinical and clinical development expenses	809	729	(80)
Personnel expenses	615	720	105
Research tax credits	(1,439)	(803)	636
	$ 4,848	$ 2,580	$(2,268)

Research and development expenses for the year ended December 31, 2019 were $4.9 million, compared to $2.6 million for the year ended December 31, 2020. The decrease of $2.3 million was primarily due to the decrease in clinical development of its lead product candidate, SerpinPC, and primarily attributable to the Phase 1b clinical trial that was initiated in 2019 and completed in 2020. Personnel related expenses increased $0.1 million from $0.6 million in 2019 to $0.7 million in 2020 and attributable to the increase in research and development employee headcount. Research tax credits decreased $0.6 million from $1.4 million in 2019 to $0.8 million in 2020 as a result of the decrease in qualified research and development expenses in 2020 when compared to 2019.

General and Administrative Expense

The following table summarizes ApcinteX's general and administrative expenses for the years ended December 31, 2019 and 2020 (in thousands):

	2019	2020	Change
Personnel expenses	$ 23	$ 24	$ 1
Facilities and supplies	24	37	13
Legal and professional fees	126	219	93
Other expenses	53	17	(36)
	$226	$297	$ 71

General and administrative expenses for the year ended December 31, 2019 were $0.2 million, compared to $0.3 million for the year ended December 31, 2020. The increase of $71,000 was attributable to $93,000 increase in legal and professional fees in support of the patent portfolio and $13,000 increase in facilities and supplies. These increases were offset by a $36,000 decrease in other expenses.

Interest Income, net

Interest income, net of expenses, from cash and cash equivalent balances held in financial institutions was immaterial during each of the years ended December 31, 2019 and 2020.

Liquidity and Capital Resources

Sources of Liquidity

As of March 31, 2021, the Centessa Successor had cash of $298.6 million. The Group, Palladio and ApcinteX have primarily financed operations since inception through the sale of convertible preferred shares, the issuance of convertible term loans and proceeds from tax incentives associated with research and development efforts. Through January 29, 2021, the Group had sold convertible preferred shares and convertible term loans, raising aggregate net proceeds of $5.0 million. Concurrent with the acquisition of the companies by Centessa in January 2021, Centessa completed a $250.0 million Series A convertible preferred financing that was comprised of $245.0 million in proceeds and the $5.0 million in convertible debt.

The Group, Centessa Successor, Palladio and ApcinteX have no ongoing material financing commitments, such as lines of credit or guarantees, that are expected to affect liquidity over the next five years.

Cash Flows

Centessa Predecessor Group and Centessa Successor

The following table shows a summary of cash flows for the periods indicated (in thousands):

	Predecessor				Successor
	Centessa Predecessor Group Combined Year ended December 31,		Centessa Predecessor Group Combined Three Months Ended March 31, 2020	Centessa Predecessor Group Combined Period from January 1, 2021 through January 29, 2021	Centessa Pharmaceuticals Limited Consolidated Period from January 30, 2021 through March 31, 2021
	2019	2020			
Net cash (used in) provided by:					
Operating activities	$(5,825)	$(10,630)	$ (3,639)	$ (987)	$ (11,635)
Investing activities	—	—	—	—	63,517
Financing activities	9,005	1,362	—	—	241,889
Exchange rate effect on cash and cash equivalents	520	(75)	(861)	18	(124)
Net increase (decrease) in cash and cash equivalents	$ 3,700	$ (9,343)	$ (4,500)	$ (969)	$ 293,647

Operating Activities

During the three months ended March 31, 2020, the Group used $3.6 million of net cash in operating activities. Cash used in operating activities reflected a net loss of $3.0 million and $0.3 million non-cash gains in connection with the extinguishment of debt and $0.5 million in the net change in operating assets and liabilities. These decreases were offset by $0.2 million in non-cash charges.

During the period from January 1, 2021 through January 29, 2021, the Group used $1.0 million of net cash in operating activities. Cash used in operating activities reflected the net loss of $0.8 million and $0.2 million in the net change in operating assets and liabilities.

During the period from January 30, 2021 through March 31, 2021, the Centessa Successor used $11.6 million of net cash in operating activities. Cash used in operating activities reflected a net loss of $238.7 million, partially offset by a $220.5 million non-cash charge for acquired in-process research and development in connection with the acquisition of the Centessa Subsidiaries and $2.7 million in other non-cash charges for non-cash interest expense, depreciation expense, and share-based compensation expense and $3.9 million net change in operating assets and liabilities.

During the year ended December 31, 2020, the Group used $10.6 million of net cash in operating activities. Cash used in operating activities reflected a net loss of $10.7 million and $0.3 million non-cash gains in connection with the extinguishment of debt and the change in fair value of the derivative liability. The Group also used cash of $0.5 million related to the change in operating assets. These uses were offset by $0.9 million in non-cash charges associated with non-cash interest and share-based compensation expense.

During the year ended December 31, 2019, the Group used $5.8 million of net cash in operating activities. Cash used in operating activities reflected the net loss of $5.1 million and $0.1 million non-cash gains in connection with the extinguishment of debt. The Group also used cash of $1.1 million related to the change in operating assets that were offset by $0.4 million in non-cash charges for non-cash interest expense, depreciation expense and share-based compensation expense.

Investing Activities

There were no investing activities for the Group during the three months ended March 31, 2020 and for the period from January 1, 2021 through January 29, 2021.

During the period from January 30, 2021 through March 31, 2021, net cash provided by investing activities for the Centessa Successor was $63.5 million and primarily attributable to the $68.0 million of cash acquired in connection with the acquisition of the Centessa Subsidiaries which was partially offset by the related $4.5 million of transaction costs paid during the period.

Financing Activities

There were no financing activities for the Group during the three months ended March 31, 2020 and for the period from January 1, 2021 through January 29, 2021.

During the period from January 30, 2021 through March 31, 2021, financing activities for the Centessa Successor provided $241.9 million in net cash proceeds and primarily attributable to the sale of Centessa Successor's Series A preferred shares in January 2021. The Centessa Successor also received $0.3 million in proceeds upon the exercise of stock options.

During the year ended December 31, 2020, financing activities for the Group provided $1.4 million in net cash proceeds, primarily attributable to proceeds from convertible debt issuances.

During the year ended December 31, 2019, financing activities provided $9.0 million in net cash proceeds and attributable to $3.8 million upon the issuance of convertible debt and $5.2 million upon the sale and issuance of Series A convertible preferred shares.

Palladio Biosciences, Inc.

The following table shows a summary of cash flows for the periods indicated (in thousands):

	Nine Months Ended December 31, 2019	Year Ended December 31, 2020
Net cash (used in) provided by:		
Operating activities	$ (5,482)	$ (8,328)
Financing activities	11,959	16,771
Net increase in cash	$ 6,477	$ 8,443

Operating Activities

During the year ended December 31, 2020, Palladio used $8.3 million of net cash in operating activities. Cash used in operating activities reflected a net loss of $12.9 million that was offset by a $3.3 million non-cash interest expense associated with the convertible debt, $1.0 million non-cash charge for the change in fair value of the derivative liability and $0.3 million of non-cash stock-based compensation expense. The change in our operating net assets was immaterial.

During the nine months ended December 31, 2019, Palladio used $5.5 million of net cash in operating activities. Cash used in operating activities reflected the net loss of $8.4 million that was offset by $1.6 million in non-cash charges for interest expense amortization of debt discount, and stock-based compensation expense. The net loss was also offset by the $1.3 million change in operating assets attributable to the timing in vendor payments.

Financing Activities

During the year ended December 31, 2020, financing activities provided $16.8 million in net cash proceeds, primarily attributable to the sale of Series B convertible preferred stock for net proceeds of $15.4 million and $1.4 million in net proceeds from convertible debt issuances.

During the nine months ended December 31, 2019, financing activities provided $12.0 million in net cash proceeds and attributable to the issuance of convertible debt.

ApcinteX Limited

The following table shows a summary of cash flows for the year ended December 31, 2019 and 2020 (in thousands):

	Year Ended December 31,	
	2019	2020
Net cash (used in) provided by:		
Operating activities	$ (6,005)	$ (1,074)
Financing activities	5,575	11,697
Effects of exchange rate changes on cash and cash equivalents	(20)	749
Net (decrease) increase in cash and cash equivalents	$ (450)	$ 11,372

Operating Activities

During the year ended December 31, 2020, ApcinteX used $1.1 million of net cash in operating activities. Cash used in operating activities reflected a net loss of $2.9 million that was offset by a $0.5 million non-cash share-based compensation expense. The net loss was also offset by the $1.3 million change in operating assets.

During the year ended December 31, 2019, ApcinteX used $6.0 million of net cash in operating activities. Cash used in operating activities reflected the net loss of $5.1 million and $1.3 million change in operating assets that were offset by $0.3 million in non-cash charges for share-based compensation expense.

Financing Activities

During the year ended December 31, 2020, financing activities provided $11.7 million in net cash proceeds, attributable to the sale of Series B convertible preferred stock.

During the year ended December 31, 2019, financing activities provided $5.6 million in net cash proceeds, attributable to the sale of Series A convertible preferred stock.

Sources of Funding

The Group's primary sources of capital to date have been from private placements of preferred shares and the issuance of convertible term loans. Through December 31, the Group raised approximately $23.5 million from private placements of preferred shares. From July 2019 through November 2020, LockBody issued convertible term loans in exchange for aggregate gross proceeds of $5.1 million (£4.0 million at an exchange rate of 0.78). The notes accrued simple interest of 2% per annum and, if not converted, will convert in August 2021. Upon the completion of a qualified financing event, the outstanding principal and interest automatically convert into the shares issued in connection with the financing event and at 80% of the subscription price. In connection with the Centessa Series A financing in January 2021, the notes were settled in their entirety.

Palladio Biosciences, Inc. Convertible Preferred Stock

In July 2016 and 2017, Palladio entered into a Series A stock purchase agreement pursuant to which it issued and sold to investors an aggregate of 5,009,185 shares of Series A convertible preferred stock at a purchase price of $1.00 per share, for aggregate consideration of approximately $5.0 million.

In September 2020 and December 2020, Palladio entered into a Series B stock purchase agreement pursuant to which it issued and sold to investors an aggregate of 8,409,088 shares of its Series B convertible preferred stock at a purchase price of $2.20 per share, for aggregate consideration of approximately $18.5 million of which $3.0 million was received in January 2021.

Palladio Biosciences, Inc. Convertible Debt

From August 2018 through July 2020, Palladio issued convertible debt instruments in exchange for aggregate gross proceeds of $16.5 million. The notes accrued simple interest of 8% per annum and, if not converted, would have matured on various dates ranging from December 2020 to December 2021. Upon the completion of a qualified financing event, the outstanding principal and interest automatically converted into the shares issued in connection with the financing event and at 75%-80% of the subscription price. In the event of a change in control prior to conversion or maturity, the notes were entitled to receive three times their initial investment. The Company completed a qualified financing in September 2020 and issued 10,275,650 shares of Series B convertible preferred stock in exchange for the outstanding principal and interest of $16.5 million and $1.5 million, respectively.

ApcinteX Limited Convertible Preferred Stock

Through December 2019, ApcinteX sold an aggregate of 2,357,265 Series A convertible preferred shares for proceeds of $19.1 million. In October 2020, ApcinteX completed a Series B financing whereby it sold 508,147 shares of Series B preferred for proceeds of $11.7 million.

Funding Requirements

Following the acquisition by Centessa, the Group, Palladio and ApcinteX expect expenses to increase in connection with ongoing activities, particularly as Centessa Successor continues the research and development of, continue or initiate clinical trials of, and seek marketing approval for any current and future product candidates. In addition, if marketing approval is obtained for any product candidates, Centessa Successor expects to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. Furthermore, following the completion of this offering by Centessa Successor, additional costs associated with operating as a public company are expected. Accordingly, there will be a need to obtain substantial additional funding in connection with the continuing operations. For the foreseeable future, the Centessa Subsidiaries expect the significant majority of their funding to come from Centessa Successor. If Centessa Successor is unable to raise capital when needed or on attractive terms, it would be forced to delay, reduce or eliminate research and development programs or future commercialization efforts.

Centessa Successor anticipates that its expenses will increase substantially as it:

- seeks to discover and develop current and future clinical and preclinical product candidates;
- scales up clinical and regulatory capabilities;
- adapts regulatory compliance efforts to incorporate requirements applicable to marketed products;
- establishes a sales, marketing and distribution infrastructure and scale up external manufacturing capabilities to commercialize any product candidates for which regulatory approval may be obtained;
- maintains, expands and protects the intellectual property portfolio;
- hires additional internal or external clinical, manufacturing and scientific personnel or consultants;
- adds operational, financial and management information systems and personnel, including personnel to support product development efforts; and
- incurs additional legal, accounting and other expenses in operating as a public company.

Because of the numerous risks and uncertainties associated research, development and commercialization of product candidates, Centessa Successor is unable to estimate the exact amount of its working capital requirements. Future funding requirements will depend on and could increase significantly as a result of many factors, including:

- the scope, progress, results and costs of preclinical studies and clinical trials;
- the scope, prioritization and number of research and development programs;
- the costs, timing and outcome of regulatory review of product candidates;
- the ability to establish and maintain collaborations on favorable terms, if at all;
- the extent to which obligations to reimburse exist, or entitled to reimbursement of, clinical trial costs under collaboration agreements, if any;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing intellectual property rights and defending intellectual property-related claims;
- the costs of securing manufacturing arrangements for commercial production; and
- the costs of establishing or contracting for sales and marketing capabilities if regulatory approvals are obtained to market product candidates.

Identifying potential product candidates and conducting preclinical studies and clinical trials is a time- consuming, expensive and uncertain process that takes many years to complete, and may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, product candidates, if approved, may not achieve commercial success. Commercial revenues, if any, will be derived from sales of product candidates that do not expect to be commercially available for the next couple of years, if at all. Accordingly, the need to continue to rely on additional financing to achieve our business objectives will exist. Adequate additional financing may not be available on acceptable terms, or at all.

Critical Accounting Policies

Management's discussion and analysis of its financial condition and results of operations is based on the combined financial statements of Centessa Predecessor Group, the consolidated financial statements of Centessa Successor and the financial statements of Palladio and ApcinteX which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires estimates and judgments be made that affect the reported amounts of assets, liabilities, and expenses and the disclosure of contingent assets and liabilities in the combined financial statements. On an ongoing basis, an evaluation of estimates and judgments are required, including those related to accrued expenses contingent consideration and share-based compensation. Estimates are based on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

While the significant accounting policies are described in more detail in Note 2 to the Group's, the Centessa Successor's, Palladio's and ApcinteX's audited and unaudited interim financial statements included elsewhere in this prospectus, the following accounting policies are the most critical to the judgments and estimates used in the preparation of the financial statements.

Research and Development Accruals

Research and development expenses consist primarily of costs incurred in connection with the development of product candidates. Research and development costs are expensed as incurred.

Expenses for preclinical studies and clinical trial activities performed by third parties are accrued based upon estimates of the proportion of work completed over the term of the individual trial and patient enrollment rates in accordance with agreements with CROs and clinical trial sites. Estimates are determined by reviewing external service providers as to the progress or stage of completion of trials or services and the agreed-upon fee to be paid for such services. However, actual costs and timing of clinical trials are highly uncertain, subject to risks and may change depending upon a number of factors, including the clinical development plan.

Estimates of accrued expenses are made as of each balance sheet date in the financial statements based on facts and circumstances known at that time. If the actual timing of the performance of services or the level of effort varies from the estimate, an adjustment to the accrual will be made accordingly. Nonrefundable advance payments for goods and services, including fees for process development or manufacturing and distribution of clinical supplies that will be used in future research and development activities, are deferred and recognized as expense in the period that the related goods are consumed or services are performed.

Milestone payments within the each of the Group's, Palladio's and ApcinteX's licensing arrangements are recognized when achievement of the milestone is deemed probable to occur. To the extent products are commercialized and future economic benefit has been established, commercial milestones that become probable are capitalized and amortized over the estimated remaining useful life of the intellectual property. In addition, royalty expenses are accrued and sublicense nonroyalty payments, as applicable, for the amount it is obligated to pay, with adjustments as sales are made.

Contingent Value Rights

In connection with the Acquisition, Centessa Successor issued contingent value rights, or CVRs, to former shareholders and option holders of Palladio. In total, the CVRs represent the contractual rights to receive payment of $39.7 million upon the first patient dosed in a Phase 3 pivotal study of lixivaptan for the treatment of autosomal dominant polycystic kidney disease (ADPKD) in any of the United States, France, Germany, Italy, Spain, the United Kingdom and Japan (designated the ACTION Study). The contingent milestone, if triggered, will be settled through the issuance of Centessa Successor ordinary shares equal to the amount of the total CVRs payable based on the per share value of ordinary shares at the milestone date.

The Centessa Successor determined that the contingent value rights should be accounted for as a liability in accordance with ASC 480. Accordingly, fair value of the contingent consideration will be assessed quarterly until settlement. To estimate the fair value of the CVRs, Centessa Successor applied a cumulative probability of achieving the clinical milestone and applied it to the potential payout. Prior to initiating the ACTION Study and dosing the first patient, Centessa Successor will consider the status and on-going results of the Phase 3a safety study (designated the ALERT Study). Centessa Successor will evaluate if the on-going results support the belief that lixivaptan has a de-risked safety profile. Assuming the on-going results from the ALERT Study continue to support this view, the probability of commencing the ACTION study and dosing the first patient is high and is currently expected during early-to-mid 2022. The cumulative probability of achieving positive results from the ALERT Study and dosing the first patient in the ACTION Study was applied to the CVR payout to arrive at a fair value of $22.6 million as of the Acquisition date.

Share-Based Compensation

The Group, Centessa Successor, Palladio and ApcinteX measure compensation expense for all share-based awards based on the estimated fair value of the award on the grant date. The Group, Centessa Successor and ApcinteX grant share-based awards in the form of B ordinary shares and are accounted for as restricted shares due to the nominal exercise price at the time of grant. Compensation expense associated with B ordinary awards are recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the award. Palladio has issued stock option awards and uses the Black-Scholes option pricing model to value its awards.

The Black-Scholes option-pricing model requires the use of subjective assumptions that include the expected stock price volatility and the fair value of the underlying common shares on the date of grant. See Note 9 to Palladio's audited financial statements and Note 9 to Centessa Successor's unaudited interim financial statements included elsewhere in this prospectus for information concerning certain of the specific assumptions used in applying the Black-Scholes option pricing model to determine the estimated fair value of stock options granted during the nine months ended December 31, 2019 and for the year ended December 2020 for Palladio and during the period from January 30, 2021 through March 31, 2021 for Centessa Successor.

Estimating the Fair Value of the Group and ApcinteX Ordinary Shares and Palladio Common Stock

Estimating the fair value of the Group and ApcinteX's ordinary shares and Palladio's common shares underlying their respective share-based awards is required. Because the Group, ApcinteX's and Palladio's shares are not currently publicly traded, the fair value of the shares has been estimated by the Group's, ApcinteX's and Palladio's respective board of directors, with input from each respective management team, considering most recently available third-party valuation of ordinary and common shares. The Group's, Palladio's and ApcinteX's board of directors each considered various objective and subjective factors to estimate the estimated fair value of ordinary and common shares, including:

- the stage of development and business strategy and the material risks related to the business and industry. estimated value of all classes of securities outstanding;the estimated value of all classes of securities outstanding;

- the anticipated capital structure that will directly impact the value of the currently outstanding securities;
- results of operations and financial position;
- the status of research and development efforts;
- the composition of, and changes to, management team and board of directors;
- the lack of liquidity of common and ordinary shares as a private company;
- external market conditions affecting the life sciences and biotechnology industry sectors;
- United Kingdom, Europe and global economic conditions;
- the likelihood of achieving a liquidity event for the holders of common and ordinary shares, such as an initial public offering, or IPO, or a sale of the company, given prevailing market conditions; and
- the market value and volatility of comparable companies.

In estimating the fair value of the Group's, Palladio's and ApcinteX's shares, each board of directors considered the subjective factors discussed above in conjunction with the most recent valuations of shares that were prepared by an independent third-party.

Recent Accounting Pronouncements

See Note 2 to the Group's, Centessa Successor's and ApcinteX's, and Note 3 to Palladio's, audited and unaudited interim financial statements included elsewhere in this prospectus for a description of recent accounting pronouncements applicable to the respective financial statements.

Contractual Obligations and Other Commitments

As of December 31, 2020, the Centessa Predecessor Group had non-cancellable commitments for purchase of clinical materials, contract manufacturing, maintenance and committed funding of up to $3.4 million, which the Group expects to pay within one year. The amount and timing of these payments vary depending on the rate of progress of development.

As of December 31, 2020, Palladio had an operating lease for its corporate office location in Horsham, Pennsylvania and is subject to future minimum lease payments of $68,000 and $57,000 during 2021 and 2022, respectively.

As of December 31, 2020, ApcinteX Limited had non-redeemable commitments for purchase of clinical materials, contract manufacturing, maintenance and committed funding of up to $5.7 million which $3.0 million and $2.7 million are expected to be paid in less than one year and between one and three years, respectively.

The contractual obligations and other commitments of the Centessa Predecessor Group, Palladio and ApcinteX Limited that have been disclosed do not include any potential development, regulatory and commercial milestone payments and potential royalty payments that the Group, Palladio and AcpinteX may be required to make under their respective license agreements. These payments are excluded given that the timing of any such payments cannot be reasonably estimated at this time.

Off-Balance Sheet Arrangements

The Centessa Successor does not have any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities that were

established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, the Centessa Successor does not engage in trading activities involving non-exchange traded contracts. Therefore, the Centessa Successor believes that they are not materially exposed to any financing, liquidity, market or credit risk that could arise if they engaged in these relationships.

Qualitative and Quantitative Disclosures About Market Risk

Each of the Group, Palladio and ApcinteX is exposed to market risks in the ordinary course of its business. These risks primarily include interest rate sensitivities. Interest-earning assets consist of cash and cash equivalents. Interest income earned on these assets was de minimis for the year ended December 31, 2019 and 2020.

BUSINESS

Our Vision

We are reimagining the traditional pharmaceutical research and development model to build, from the bottom-up, an R&D engine predicated on asset centricity to discover, develop and ultimately deliver impactful medicines to patients. We believe the successful execution at scale of our asset-centric R&D model has the potential to result in R&D productivity surpassing that of today's largest pharmaceutical companies and could translate into a dramatic impact for patients, providers and society more broadly.

Our approach to delivering consequential medicines to patients is guided by three foundational principles:

1. We pursue discovery and development of **programs with clear biological rationale.**
2. We aim to build a **self-sustaining, evergreen R&D engine** anchored on asset centricity.
3. We strive to be the **partner of choice** for founder-subject matter experts who share our vision.

Overview

Centessa Pharmaceuticals plc (Centessa) was conceived by combining the primary strengths of the asset-centric model with the benefits of diversification and scale typically attributed to traditional large R&D organizations. The asset-centric model refers to single-purpose companies which are focused on developing a single program or programs associated with a single biological pathway. We were inspired by the success realized by the asset-centric model and were founded on the principle of developing asset centricity at scale. We have implemented this reimagined approach to R&D by initially combining a curated portfolio of ten wholly-owned asset-centric companies, which we refer to as Centessa Subsidiaries, that are developing 16 high conviction programs with clear biological rationale. Each Centessa Subsidiary is led by one or more individuals we believe to be some of the leading subject matter experts in their respective disciplines. We empower our subsidiaries to advance their research and development plans in an independent and unbiased manner. Our programs cover a range of high-value therapeutic areas including oncology, hematology, immunology / inflammation, neuroscience, hepatology, pulmonology, nephrology, and range from discovery-stage research through late-stage clinical development. Additionally, a substantial number of our programs focus on rare disease indications with significant unmet need. We currently anticipate a total of more than a dozen clinical read-outs over the next three years, including three clinical read-outs in 2021. We expect this robust cadence of clinical progress will be coupled with significant development advancements for our earlier-stage preclinical programs. As a therapeutic-focused company, we intend to pursue a "develop to commercialize" approach for our programs with a relentless focus on efficiently delivering consequential medicines to patients.

Centessa was formed in October 2020 by Medicxi with a view to ultimately acquiring, and thereby becoming the holding company of, several pre-revenue, development stage biotech companies each of which was either controlled by and/or invested in by a fund affiliated with Medicxi or Index Ventures. On January 29, 2021, Centessa acquired 11 biotechnology companies and simultaneously closed a Series A funding round of $250 million. Prior to the acquisition, Centessa's activities were limited mainly to engaging advisors and recruitment efforts. Centessa commenced active operations after the consummation of the acquisitions. Each of the Centessa Subsidiaries was a portfolio company of a fund affiliated with Medicxi or Index Ventures at the time of the acquisition.

We are led by our experienced management team who play a critical role in enabling our Centessa Subsidiaries by providing centralized resources, supporting development of programs and overseeing judicious capital allocation. We are convinced that bringing together our 16 high conviction programs under a unified, asset-centric structure at scale is in itself a unique competitive advantage in the industry. Going forward, our intent is to become the partner of choice for founder-subject matter experts with high conviction programs by fostering a research engine that allows our leading talent to focus exclusively on the pursuit of their unique product visions, striving for scientific excellence and patient benefit. Consistent with our operating model today, these founder-subject matter experts will be directly incentivized

and appropriately supported to develop and bring medicines to market. Direct incentivization is achieved through two principle financial incentives: first, through each founder-subject matter expert having a significant equity stake in Centessa and, thereby, compensated commensurately with the Company's performance; second, they disproportionately share in upside through certain agreed milestone payments of a pre-agreed amount payable upon defined events such as regulatory approval of an applicable drug or the payment of a pre-agreed percentage of the net aggregate cash proceeds from certain strategic transactions (including partnerships / out-licensing agreements and/or a sale) concerning the relevant Centessa Subsidiary. These incentives are designed to motivate our founder-subject matter experts to develop and bring medicines to patients.

Separately, our relentless focus on data-driven decision-making is aimed at enabling us to embrace and implement a "fail fast, and fail early" philosophy to close programs expeditiously when data dictates. Data-driven decision making is at the core of our asset-centric model. Centessa management retains final authority over resource allocation decisions across the Centessa Subsidiaries' programs, and aims to expeditiously terminate programs when the data do not support advancing a program. These features of our asset-centric model are designed to reflect our "fail fast and fail early" philosophy when data warrants. We believe our direct incentivization model and relentless focus on data-driven decision-making is a differentiated approach and philosophy to that deployed by traditional R&D models.

Our bottom-up, asset-centric operating model fosters an ecosystem in which we enable the founder-subject matter experts at each Centessa Subsidiary to develop their programs with a high degree of autonomy and with complementary operational and R&D support from Centessa. This is designed to enable each Centessa Subsidiary to execute its program or programs with greater agility and enhanced probability of success. Each Centessa Subsidiary focuses its resources and expertise on progressing high conviction programs that follow well elucidated biological pathways, with the goal of addressing a significant unmet patient need. While we focus on well elucidated biological pathways where there is prior learning in human genetics and/or clinical evidence, many of our highly-differentiated programs are enabled by proprietary structural biology insights.

Our ten initial Centessa Subsidiaries and their disease areas of focus as well as our expectation for expansion in the number of Centessa Subsidiaries are summarized in the below figure:

Traditional R&D organizations realize the benefit of having a diversified pipeline with multiple uncorrelated programs while reaching a scale that allows for an optimized and flexible balance sheet and access to infrastructure and resources. By initially combining a curated portfolio of asset-centric companies under a central management team, we expect to receive the benefits of a diversified pipeline of high conviction programs and mitigate the binary risk inherent in single-asset companies. We believe our unique incentivization framework enables our Centessa Subsidiary teams to

maintain an undiluted singular product focus, and pursue paths forward that are determined primarily by the data that they generate. Subsidiary teams are designed to be small, with limited fixed costs to further enhance the economics of drug development, particularly in cases where expeditious closure of programs is warranted.

In addition to the broad range of disease areas we pursue, our portfolio is diversified in several other ways:

- *Therapeutic approaches*: small molecule inhibitors, agonists, correctors, degraders, traditional and engineered antibodies and biologics based on engineered molecules;
- *Development approaches*: novel targets differentiated fast-follower based on improved safety and/or refined mechanism; and
- *Discovery approaches*: structure-based design, protein engineering and novel screening methods.

Our multiple modes of diversification across our portfolio substantially mitigate the binary nature of product development.

Our current pipeline includes the following four clinical stage product candidates:

- **Lixivaptan (Palladio Biosciences)**: vasopressin V2 receptor small molecule inhibitor currently in Phase 3 clinical development for the treatment of autosomal dominant polycystic kidney disease (ADPKD). While the ongoing Phase 3 study is not a registrational trial, Palladio is preparing to conduct a global Phase 3 pivotal trial of lixivaptan in ADPKD patients, (designated the ACTION study) which we expect to commence by early-to-mid 2022. We believe lixivaptan has the potential to deliver similar efficacy benefits to tolvaptan, which is currently indicated for a subset of ADPKD patients, with a differentiated safety and tolerability profile that may benefit a broader set of patients;
- **SerpinPC (ApcinteX)**: activated protein C inhibitor currently in Phase 2a clinical development for the treatment of hemophilia A and B. We believe SerpinPC has the potential to improve upon the current standards of care by offering a long-acting, subcutaneous, non-replacement therapy that rebalances the coagulation cascade to provide both prophylactic and on-demand therapy in all patients with hemophilia regardless of subtype;
- **Imgatuzumab (Pega-One)**: anti-EGFR monoclonal antibody expected to enter a potential registrational Phase 2 clinical study for the treatment of cutaneous squamous cell carcinoma (CSCC). Imgatuzumab is also being considered for treatment of other solid tumors in the context of combination treatment with immunotherapy. We believe imgatuzumab represents a next-generation of antibody design offering enhanced antibody derived cell cytotoxicity (ADCC) and antibody derived cell phagocytosis (ADCP) properties; and
- **ZF874 (Z Factor)**: small molecule chemical chaperone folding corrector of the Z variant of alpha-1-antitrypsin (Z-A1AT) currently in Phase 1 clinical development for the treatment of alpha-1-antitrypsin deficiency (A1ATD). ZF874 leverages Z Factor's proprietary insights into the misfolding of the Z-A1AT protein to correct protein folding and normalize protein levels to treat both lung and liver disease manifestations of A1ATD.

In addition to our clinical stage product candidates, our current portfolio consists of 12 preclinical assets, 11 of which are being evaluated in IND-enabling studies or lead optimization activities and one additional program in discovery stage. Across our Centessa Subsidiaries, we currently have a portfolio of 173 issued patents which includes 156 ex-U.S. patents and 17 issued U.S. patents directed to either our clinical stage product candidates or other programs being developed.

Our History

Our company is built upon our demand for excellence amongst our various participants and stakeholders. We believe this high bar for excellence is initially demonstrated by our ten current Centessa Subsidiaries. Each of our

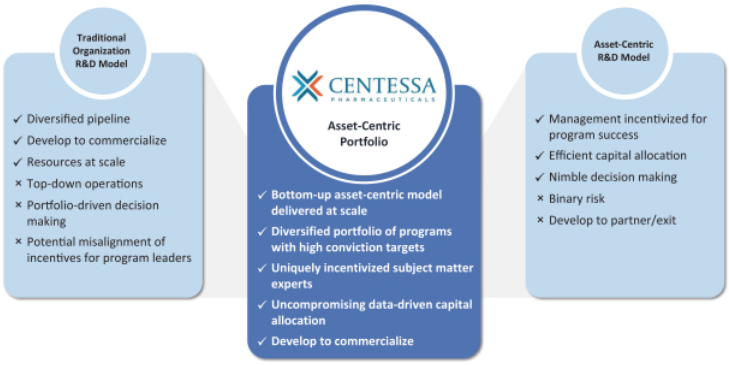
Centessa Subsidiaries and their founder-subject matter experts have invested years dedicated to their program specialty. We intend to uphold this focus on excellence for future companies which may join our model as Centessa Subsidiaries. We complement the program expertise of our founder-subject matter experts with the broad experience of our centralized management team. Prior to establishing Centessa, our executive management team held positions in a wide range of settings, including some of the largest pharmaceutical companies in the world, leading biotechnology companies and world-class venture capital funds.

We are supported by a high-quality group of investors who share our passion for excellence and believe in the vision for our reimagined R&D model. These investors include our founding investor, Medicxi, alongside General Atlantic, Vida Ventures, Janus Henderson Investors, Boxer Capital, Cormorant Asset Management, T. Rowe Price, Venrock Healthcare Capital Partners, Wellington Management Company, BVF Partners L.P., EcoR1 Capital, Franklin Templeton, Logos Capital, Samsara BioCapital, LifeSci Venture Partners and a U.S.-based, healthcare-focused fund.

The Centessa Subsidiaries were selected by Medicxi out of the portfolio of biotechnology investments by funds affiliated with Medicxi or Index Ventures. The key criteria deployed to identify companies that would be considered for Centessa include: advancement of a single program with clear biological rationale, a differentiated product profile, and a team with deep expertise led by a founder-subject matter expert. Each of the Centessa Subsidiaries was controlled by funds affiliated with Medicxi or Index Ventures or funds affiliated with Medicxi or Index Ventures had a significant investment and/or influence. Whilst such funds affiliated with Medicxi and Index Ventures were a controlling or key investor to each Centessa Subsidiary with material influence, the decision as to whether to be acquired by Centessa was ultimately a decision of the executive management team of each Centessa Subsidiary including the founder subject-matter experts. An extensive negotiation exercise was undertaken with the executive management teams of each Centessa Subsidiary and each Centessa Subsidiary was represented by external counsel. These negotiations were conducted at arms' length with each Centessa Subsidiary having been acquired on highly negotiated contribution terms (including as to valuation) and on highly negotiated individual incentivization terms which become payable if negotiated milestones are achieved or certain exit events are triggered. Further, the incoming Series A Centessa investors had a significant opportunity to diligence each Centessa Subsidiary and test the relative valuation and terms negotiated with the individual Centessa Subsidiaries.

Our Operating Model

We have implemented a reimagined R&D model that we believe leverages the key strengths of the traditional R&D organization and the core tenets of asset centricity. We believe that our approach will allow us to benefit from the characteristics of each model that are favorable for efficient drug development, while simultaneously removing the inefficiencies and potential challenges related to each.



Inefficiencies Prevalent in Traditional R&D Organizational Model

While traditional R&D organizations have significantly advanced science and developed important medicines for patients, we believe the traditional model as deployed today presents several opportunities to increase success rates and reduce the cost of bringing new drugs to market. For example, a study by the Tufts Center for the Study of Drug Development in 2014 found that the average pre-tax industry cost of developing new medicines, inclusive of failures and capital costs, was approximately $2.6 billion per new prescription drug approval. When excluding failures, we estimate from this study that the average costs of developing a new drug is approximately $500 million. Although we recognize failure in drug development will always exist, we believe this study highlights the opportunity for a better model. The traditional R&D model is often characterized by an abundance of centralized functions, which adds rigidity to the system and establishes a cost structure that is largely fixed in nature. As a result, traditional R&D organizations often unintentionally create structural pillars and homogeneity across the enterprise for the sake of enabling and streamlining day-to-day functions. Over time, the top-down nature and lack of asset focus within these organizations can lead to decreased organizational efficiency and effectiveness, including delayed R&D decision making, capital allocation driven by factors beyond observed data, lack of direct employee incentivization and an increased fixed-to-variable costs financial profile.

Asset Centricity as a Prescription for Change

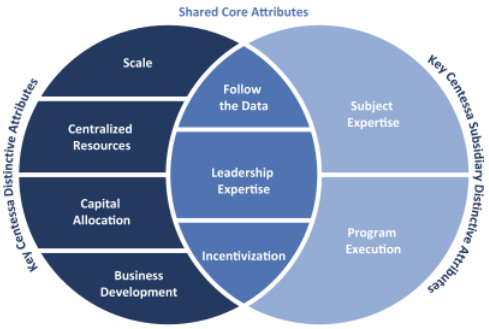
The asset-centric model in drug development has flourished over the past two decades and has demonstrated increased success rates in clinical outcomes while maintaining cost efficiency in drug development as evidenced by the growth over the last decade in launches of new molecular entities (NMEs) by small companies that are first-time launchers versus by traditional pharmaceutical companies. We believe the asset-centric model enhances R&D productivity by streamlining the decision making process and aligning incentives of all stakeholders involved. A fundamental organizational principle of the asset-centric model is the convergence of a high conviction program and subject matter expertise. Centessa Subsidiary management teams, often led by subject matter experts, have deep biological pathway expertise that translates into robust decision making for advancement of product candidates predicted on an evidence based, go/no-go decision-making framework. Additionally, because asset-centric entities have minimal infrastructure and require stepwise financing on an as-needed basis, the path to data generation is financially more efficient while determinations of write-offs can be more expeditiously managed.

Asset Centricity at Scale—The Birth of Centessa

We believe our organization combines the best elements of the asset-centric business model with the benefits from scale in specified areas that benefit traditional R&D organizations. In an asset-centric organization, a high standard is maintained for high conviction programs advanced by a leading subject matter expert. We define a high conviction program as having met three criteria: clear biological rationale, a highly-differentiated product profile and leadership by founder-subject matter experts. Traditional R&D organizations realize the benefit of having a diversified pipeline with multiple uncorrelated programs while reaching a scale that allows for an optimized and flexible balance sheet and access to infrastructure and resources. In a similar way, by initially combining a curated portfolio of asset-centric companies under a central management team, we expect to receive the benefits of a diversified pipeline of high conviction programs and mitigate the binary risk inherent in single-asset companies.

Our Approach

We have implemented a bottom-up, asset-centric operating model where the main premise is to build a non-hierarchical ecosystem in which we enable the founder-subject matter experts at each Centessa Subsidiary to develop their programs.



Shared Core Principles

We believe that our operating model benefits from core attributes that are common across Centessa and our Centessa Subsidiaries:

- **Follow the data.** Our R&D approach is anchored by pre-specified criteria that supports unbiased decision making, built from a bottom-up model in which our Centessa Subsidiaries have significant autonomy to provide data-driven recommendations with input from their scientific advisory boards and/or key opinion leaders. In close partnership with our Centessa Subsidiaries, we collectively determine whether the data merit the advancement or discontinuation of programs.
- **Leadership expertise.** Our leadership team consists of individuals with both biotechnology and pharmaceutical experience across a range of functions including R&D, finance, and operations. We are led by our Chief Executive Officer, Saurabh Saha, M.D., Ph.D., who most recently served as the Senior Vice President of R&D at Bristol Myers Squibb and led translational medicine across all therapeutic areas. Dr. Saha's prior experiences include having served as a venture partner at Atlas Venture, CEO of Delinia until its sale to Celgene and leading the New Indications Discovery Unit at Novartis. Our

strong leadership team is complemented by subject matter experts at the helm of each of our Centessa Subsidiaries. Many of our Centessa Subsidiary leaders are considered pioneers in their fields, and their life's work is often reflected in the programs they are leading.

- **Incentivization.** Our leadership team holds a significant stake in Centessa and is compensated commensurately with the Company's performance. The leadership teams for our Centessa Subsidiaries are incentivized to create asset value and they disproportionately share in that value. This is often structured as a milestone payment to the Centessa Subsidiary leadership team of a pre-agreed amount payable upon defined events such as regulatory approval of an applicable drug or the payment of a pre-agreed percentage of the net aggregate cash proceeds from certain strategic transactions (including partnerships / out-licensing agreements and/or a sale) concerning the relevant Centessa Subsidiary. In addition to being incentivized at the Centessa Subsidiary / program level, Centessa Subsidiary leaders also own equity in Centessa, further aligning key members with the overall success of our company and the portfolio at large.

Distinctive Principles for Centessa

We also believe that several distinctive principles specific to Centessa are critical to the success of our R&D model:

- **Scale.** We anticipate that our balance sheet will provide capital for our Centessa Subsidiaries to pursue their pipeline programs, provide leverage for strategic transactions and also enable optionality for development and commercialization. Our increased scale allows us to efficiently access capital on behalf of our Centessa Subsidiaries, enabling asset centricity while mitigating the binary risk that would otherwise make funding our programs prohibitively expensive.
- **Centralized resources.** We offer infrastructure, competencies and benefits that are truly enabling to our Centessa Subsidiaries. These include competencies that are broadly applicable to our Centessa Subsidiaries such as management of manufacturing relationships and regulatory support to enable and expedite scientific prosecution of programs, to prosecute and maintain intellectual property and to procure economically favorable vendor terms that would otherwise not be available to a stand-alone entity.
- **Capital allocation.** We have the flexibility to deploy capital by adhering to a "follow-the-data" philosophy and work closely with our Centessa Subsidiaries in making funding decisions. Capital allocation decisions may also be influenced by other factors including external data readouts from competitor programs and consideration of available strategic options and opportunity costs. We also consider the benefits of third-party expertise and potential efficiencies as we evaluate whether a specific program is appropriate for further investment by Centessa or whether a strategic partnership may be warranted. Our structure also enables efficiencies related to central planning and headcount synergies.
- **Business development.** Our goal is to develop an evergreen pipeline by becoming the partner of choice for founder-subject matter experts who have the expertise and passion to bring innovative, high conviction therapies to patients. Our framework for business development is further guided by several key criteria. First, we prioritize product intrinsic factors, rather than portfolio fit. We source assets based on criteria that are tied to the DNA of the product candidate or program, rather than pre-established portfolio requirements. Second, we are agnostic to therapeutic area, modality, mechanism and source. We discount the origins of the program and are not biased towards a specific therapeutic area or modality as long as a significant unmet need or commercial opportunity exists. We believe that every program deserves a fair chance based on the metrics that matter most to us –biological rationale, differentiation, and team. Lastly, we focus on precedented biological pathways in which there is clear rationale or proxy for human effectiveness. We prioritize mechanisms that have demonstrated human proof-of-concept and/or are supported by unequivocal human genetic evidence.

Distinctive Principles for Our Centessa Subsidiaries

Two distinctive principles apply specifically to our Centessa Subsidiaries and are critical to their success under our model:

- **Subject expertise.** Our teams are led by subject matter experts who have deep expertise directly related to the biological pathways of interest. These subject matter experts are deeply focused on developing and bringing their product candidates or technologies to patients. They are also relieved from the distractions that typically arise from company-building and capital raising efforts.
- **Program execution.** Our companies are empowered to execute asset related strategic and operational plans with a "develop to commercialize" mindset. The founder-subject matter experts at each Centessa Subsidiary have the most intimate program knowledge and are best positioned to make key development decisions and drive full execution of the funded plan. Because our operating model is designed to have small teams and low fixed costs, this enables expeditious closure of programs when data dictate that to be the appropriate course of action.

Our Strategy

We have embarked on a journey to build a sustainable, evergreen pharmaceutical company with a reimagined asset-centric approach that we believe has the potential to fundamentally reshape the traditional research and development model. Our strategy is guided by four key tenets and grounded in a singular focus on advancing exceptional science to the ultimate benefit of patients. To execute on this strategy, we are focused on leveraging our operating model to advance our current pipeline of potential medicines while continuously searching for the next generation of founder-subject matter experts with high conviction assets with clear biological rationale, who seek to translate their subject matter expertise into breakthroughs for patients. Key elements of our strategy include:

- **An unwavering focus on asset centricity.** We believe continued commitment to an asset-centric approach to drug development is critical to the success of our model. Our first-of-its kind model brings to practice concepts that have been individually demonstrated to promote success in biotechnology R&D by sustaining program focus and rigor and coupling this with the expertise of founder-subject matter experts. Through this approach, we intend to enhance R&D productivity by streamlining the decision making process and aligning incentives of all stakeholders involved. As we grow through the addition of new Centessa Subsidiaries, asset centricity will remain our cornerstone, allowing us to stay nimble to make the best decision for individual programs.
- **Efficiently advancing our initial pipeline of high conviction programs to treat important unmet medical needs.** We are committed to supporting and efficiently advancing our pipeline by: adhering to a "follow the data" philosophy to judiciously deploy capital for pipeline maturation; enabling our program teams with centralized support to access expertise and accelerate interrogation of key scientific hypotheses; and operating with agility to adapt to external data readouts that have direct relevance to program conviction.
- **Attracting the next generation of founder-subject matter experts with high conviction programs.** We believe our model is uniquely situated to uncover the next generation of founder-subject matter experts with high conviction programs that follow well elucidated biological pathways. We are agnostic to source of program and therapeutic area as long as our programs address important needs for patients, as evidenced by our diverse portfolio spanning across multiple disease areas. We believe these founder-subject matter experts will be attracted to our model due to the significant autonomy to further develop their assets, the absence of distractions that typically arise from company-building and capital raising efforts, access to our centralized resources, scale and capital and the unique incentives that we purposefully design to reward program success while mitigating downside.
- **Incentivizing and enabling our Centessa Subsidiary leadership teams who have deep expertise in their respective disciplines.** A key advantage for our founder-subject matter experts in prosecuting

their programs is the direct incentives tied to the success of their scientific endeavors and program development efforts. Our incentivization programs, with tangible milestone payments based on defined events such as regulatory approval of an applicable drug or execution of a strategic transaction concerning the relevant Centessa Subsidiary, align all stakeholders and ensure success in science is rewarded. We are confident this approach to incentivization will be a catalyst to attracting founder-subject matter experts to Centessa. In addition, Centessa Subsidiary leaders also own equity in Centessa, further aligning key members with the overall success of our Company.

Our Pipeline

Our current portfolio consists of 16 high-conviction programs, including four programs currently being evaluated in clinical trials and 12 additional preclinical programs. Our programs, which span multiple disease areas including oncology, hematology, immunology / inflammation, neuroscience, hepatology pulmonology, nephrology and, are largely uncorrelated with one another, and represent disease areas with significant unmet need for patients and large potential market opportunities. We aim to pursue programs that target pathways with clear biological rationale. Given that biological pathways have varying influence on disease pathophysiology, we believe it is paramount to identify the most critical pathways that contribute to disease onset and severity to aid in development of appropriate therapeutics. Human genetics offers a glimpse into specific genes, and downstream proteins that are associated with disease. By targeting such disease associated genes or proteins, we seek to increase the probability of impacting disease outcome. Further, we place a premium on learnings from the clinic whereby a drug has established the relevance of a biological pathway contributing to disease outcome. Our portfolio largely consists of programs where there is prior learning in human genetics or precedented human activity for a pathway of interest. Our strategy is to assemble a pipeline of product candidates bearing these attributes, which we believe may translate into program success.

Our new R&D model is designed to provide regular value-driving catalysts from our various Centessa Subsidiary programs over time. For example, we anticipate more than a dozen clinical read-outs over the next three years. At the same time, we anticipate that our promising earlier-stage Centessa Subsidiary programs will advance through various stages of preclinical and clinical development.

Each of our initial product candidates and programs are summarized on the following pages.

CENTESSA PHARMACEUTICALS PALLADIO BIOSCIENCES

Developing lixivaptan, a selective, oral, small molecule vasopressin V2 receptor antagonist for autosomal dominant polycystic kidney disease (ADPKD) with potential for a differentiated profile over the currently available treatment, tolvaptan

LIXIVAPTAN

- Oral, non-peptide, selective, **vasopressin V2 receptor antagonist** for ADPKD
- Phase 3 open-label safety study ongoing
- Orphan Drug Designation granted by FDA

ADPKD OVERVIEW

- Hereditary disease characterized by **formation and progressive enlargement of cysts in the kidney**
- Results in **decreased kidney function**, and significant **negative impact on quality of life**
- Majority of diagnosed patients will experience **kidney failure** and need **dialysis or transplantation to prevent death**

EPIDEMIOLOGY

~140,000 patients diagnosed in the United States

NEXT MILESTONE

Data from Phase 3 Alert Study (Not a registrational trial)

DIFFERENTIATION

- **Potential to avoid safety issues associated with the only drug approved for the treatment of ADPKD, tolvaptan,** which is associated with serious drug induced liver injury (DILI) and in the US is available only under a Risk Evaluation and Mitigation Strategy (REMS) distribution program

VALIDATION & RATIONALE

- **Proof of concept** for vasopressin V2 receptor antagonists as disease-modifying therapies for ADPKD supported by tolvaptan clinical studies
- **Lixivaptan development plans and regulatory strategy** informed by learnings from tolvaptan approval history
- **Pharmacodynamic effect showing a dose-related suppression of urine osmolality, a marker of receptor inhibition,** demonstrated at the end of the dosing interval in clinical pharmacology study of 31 ADPKD patients
- **No signs of liver toxicity** as measured by ALT levels during 14 months of dosing in one patient who had previously experienced liver toxicity while on tolvaptan therapy; and 2) DILIsym®, a state-of-the art, quantitative systems toxicology modeling tool utilized by the FDA, predicted lixivaptan is not likely to cause DILI and may be better tolerated than tolvaptan with respect to the mechanisms of liver toxicity currently represented in DILIsym®

LEADERSHIP & SUBJECT MATTER EXPERTISE

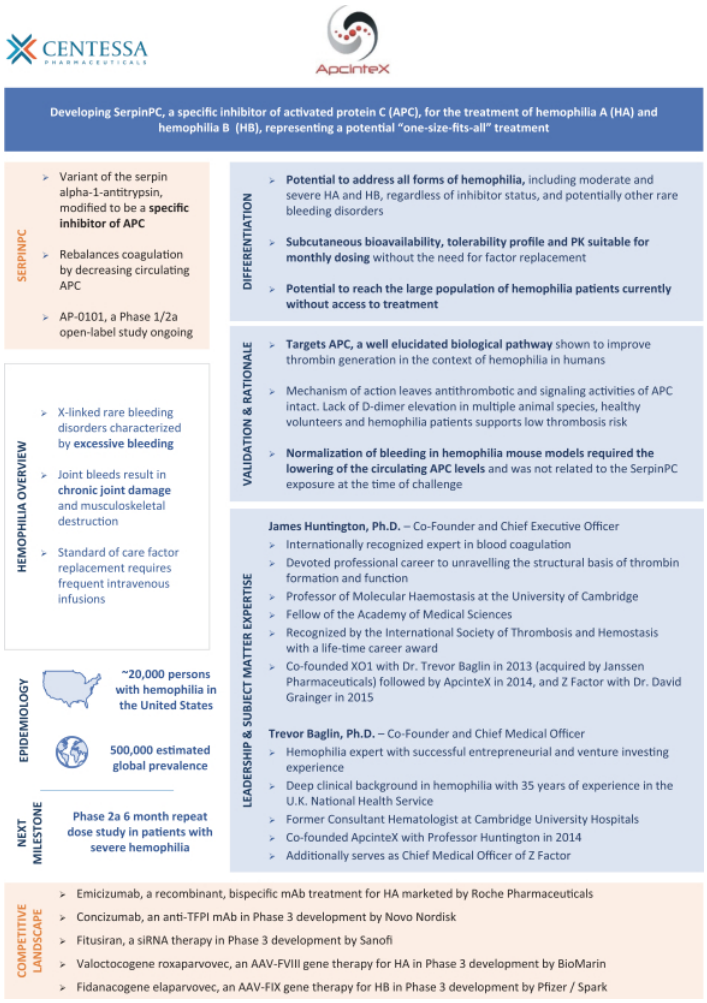
Alex Martin, MBA – Chief Executive Officer
- Seasoned biotech executive with strong track record of leadership
- Previously served as CEO of Realm Therapeutics (acquired by ESSA Pharma), COO of Intercept Pharmaceuticals, and CFO of BioXell (acquired by Cosmo Pharmaceuticals)

Lorenzo Pellegrini, Ph.D. – Founder & Chief Operating Officer
- Serial biotech entrepreneur and venture capitalist
- Previously co-founded and served on the boards of companies including Minerva Neurosciences, Biocritica, and Sentinella Pharmaceuticals

Neil H. Shusterman, M.D. – Chief Medical Officer
- Subject matter expert in kidney disease as a board-certified nephrologist and former Assistant Professor of Medicine at the University of Pennsylvania, where he led a large outpatient dialysis program, and published widely on topics in renal medicine
- 31 years of drug development experience bringing late-phase drugs to market, designing clinical trials, and leading registrational studies
- Leading role in designing pivotal studies and regulatory filing for Coreg™ (carvedilol), and contributed to the approval of products such as argatroban, Bystolic™, Corlopam™, and Teveten™

COMPETITIVE LANDSCAPE

- Tolvaptan, a vasopressin V2 inhibitor, marketed by Otsuka Pharmaceutical Co.
- Venglustat, a glucosylceramide synthase inhibitor, currently in Phase 3 development by Sanofi
- Bardoxolone, an oral Nrf2 activator, currently in Phase 3 development by Reata Pharmaceuticals


CENTESSA PHARMACEUTICALS
ApcinteX
Developing SerpinPC, a specific inhibitor of activated protein C (APC), for the treatment of hemophilia A (HA) and hemophilia B (HB), representing a potential "one-size-fits-all" treatment
SERPINPC
Variant of the serpin alpha-1-antitrypsin, modified to be a specific inhibitor of APC
Rebalances coagulation by decreasing circulating APC
AP-0101, a Phase 1/2a open-label study ongoing
HEMOPHILIA OVERVIEW
X-linked rare bleeding disorders characterized by excessive bleeding
Joint bleeds result in chronic joint damage and musculoskeletal destruction
Standard of care factor replacement requires frequent intravenous infusions
EPIDEMIOLOGY
~20,000 persons with hemophilia in the United States
500,000 estimated global prevalence
NEXT MILESTONE
Phase 2a 6 month repeat dose study in patients with severe hemophilia
DIFFERENTIATION
Potential to address all forms of hemophilia, including moderate and severe HA and HB, regardless of inhibitor status, and potentially other rare bleeding disorders
Subcutaneous bioavailability, tolerability profile and PK suitable for monthly dosing without the need for factor replacement
Potential to reach the large population of hemophilia patients currently without access to treatment
VALIDATION & RATIONALE
Targets APC, a well elucidated biological pathway shown to improve thrombin generation in the context of hemophilia in humans
Mechanism of action leaves antithrombotic and signaling activities of APC intact. Lack of D-dimer elevation in multiple animal species, healthy volunteers and hemophilia patients supports low thrombosis risk
Normalization of bleeding in hemophilia mouse models required the lowering of the circulating APC levels and was not related to the SerpinPC exposure at the time of challenge
LEADERSHIP & SUBJECT MATTER EXPERTISE
James Huntington, Ph.D. – Co-Founder and Chief Executive Officer
Internationally recognized expert in blood coagulation
Devoted professional career to unravelling the structural basis of thrombin formation and function
Professor of Molecular Haemostasis at the University of Cambridge
Fellow of the Academy of Medical Sciences
Recognized by the International Society of Thrombosis and Hemostasis with a life-time career award
Co-founded XO1 with Dr. Trevor Baglin in 2013 (acquired by Janssen Pharmaceuticals) followed by ApcinteX in 2014, and Z Factor with Dr. David Grainger in 2015
Trevor Baglin, Ph.D. – Co-Founder and Chief Medical Officer
Hemophilia expert with successful entrepreneurial and venture investing experience
Deep clinical background in hemophilia with 35 years of experience in the U.K. National Health Service
Former Consultant Hematologist at Cambridge University Hospitals
Co-founded ApcinteX with Professor Huntington in 2014
Additionally serves as Chief Medical Officer of Z Factor
COMPETITIVE LANDSCAPE
Emicizumab, a recombinant, bispecific mAb treatment for HA marketed by Roche Pharmaceuticals
Concizumab, an anti-TFPI mAb in Phase 3 development by Novo Nordisk
Fitusiran, a siRNA therapy in Phase 3 development by Sanofi
Valoctocogene roxaparvovec, an AAV-FVIII gene therapy for HA in Phase 3 development by BioMarin
Fidanacogene elaparvovec, an AAV-FIX gene therapy for HB in Phase 3 development by Pfizer / Spark


CENTESSA PHARMACEUTICALS
PegaOne
Developing imgatuzumab, a next-generation EGFR targeting antibody, with enhanced antibody derived cell cytotoxicity (ADCC) and antibody derived cell phagocytosis (ADCP) properties, initially for the treatment of advanced cutaneous squamous cell carcinoma (CSCC), with further potential across multiple oncology indications
IMGATUZUMAB
Next-generation EGFR targeting mAb with enhanced ADCC and ADCP properties
Originally developed by Glycart and licensed from Roche
Data from prior clinical studies in 296 patients
CSCC OVERVIEW
Second most common skin cancer, with more than one million diagnosed annually
Occurs when DNA damage from exposure to UV radiation or other damaging agents triggers abnormal changes in the squamous cells
If left untreated, may progress to an advanced stage with a lack of curative approaches
EPIDEMIOLOGY
EU
~10,000 new advanced stage CSCC patients diagnosed in the United States; ~5,000 in Europe
NEXT MILESTONE
Initiate an open label, single arm, Phase 2 trial of imgatuzumab in advanced CSCC; potential for Orphan Drug status
DIFFERENTIATION
Imgatuzumab is a novel, recombinant, humanized and glycoengineered IgG1 monoclonal antibody against the epidermal growth factor receptor (EGFR) with increased binding affinity for the Fc gamma receptor
Glycoengineering enables enhanced ADCC and ADCP properties – significantly increasing capacity to recruit immune cells, like Natural Killer (NK) cells, macrophages/monocytes and neutrophils resulting in superior anti-tumor activity in in vitro and in vivo models
VALIDATION & RATIONALE
Precedented activity in patients – to date, 296 patients have been administered imgatuzumab within clinical trials sponsored by Roche, demonstrating an acceptable safety profile with manageable adverse events and promising anti-tumor activity in heavily pretreated patients
Open-label clinical trial data suggests anti-tumor activity across multiple solid tumor types, including colorectal and head and neck squamous cell carcinoma
Leveraging proven glycoengineering technology which Roche had also used to engineer the approved product Gazvya (obinutuzumab)
Advanced CSCC is an area of high unmet need with patients ineligible for PD-1 inhibitors and patients who progress account for 65% of the total advanced stage CSCC patient population
Imgatuzumab combination regimens with immunotherapy compounds or small molecule inhibitors have the potential to drive stronger anti-tumor activity in a broad spectrum of oncology indications
LEADERSHIP & SUBJECT MATTER EXPERTISE
Steffen Heeger, M.D., Ph.D. – Chief Medical Officer
Over 20 years of clinical and industry experience, including instrumental roles in the development of Erbitux (cetuximab)
Previously served as VP, Head of Clinical Development and Head of Clinical Operations at Morphosys AG, as well as prior roles at Merck Serono
Aurélien Marabelle, M.D., Ph.D. – Advisor
Senior Medical Oncologist in the Drug Development Department, a group leader in Prof Laurence Zitvogel's lab
Clinical Director of the Cancer Immunotherapy Program at The Institute Gustave Roussy
Jean-Pierre Armand, M.D., Ph.D. – Advisor
30 years of experience in both academia and the pharmaceutical industry and is certified in Medical Oncology
Senior consultant at Institute Gustav Roussy and visiting professor of oncology in the Yunnan University in China
COMPETITIVE LANDSCAPE
LIBTAYO® (cemiplimab), a PD-1 inhibitor, marketed by Regeneron, for patients with metastatic CSCC or locally advanced CSCC who are not candidates for curative surgery or curative radiation
KEYTRUDA® (pembrolizumab), a PD-1 inhibitor, marketed by Merck & Co., for patients with recurrent or metastatic CSCC that is not curable by surgery or radiation
Although not approved, other therapies including EGFR-targeting Erbitux (Cetuximab) are included in the NCCN guidelines for advanced CSCC

Developing small molecule folding correctors for the Z variant of alpha-1-antitrypsin, for the treatment of alpha-1-antitrypsin deficiency (A1ATD), to increase serum levels and reduce liver burden to treat or prevent associated lung and liver disease manifestations ZF874 Potent and specific folding corrector for Z-A1AT, improving secretion in vitro and in vivo ZF-0101, a Phase 1 single ascending dose and 28 day multiple dose study ongoing in healthy subjects and PiXZ subjects A1ATD OVERVIEW Autosomal recessive disorder most frequently caused by missense mutations in the A1AT gene, which leads to reduced secretion of native A1AT Individuals homozygous for the Z mutation (PiZZ) have A1AT levels 10 to 15% of normal and account for 95% of the known cases of A1ATD May manifest as lung and / or liver disease EPIDEMIOLOGY Approximately 1 in 25 individuals of European descent are A1AT Z mutation carriers, with 1 in 1,800 homozygous for the Z mutation NEXT MILESTONE Phase 1 Part B Multiple-Dose Study Data in PiXZ subjects DIFFERENTIATION ZF874 is a small molecule chemical chaperone intended to rescue folding of the Z variant of alpha-1-antitrypsin (Z-A1AT), increasing serum levels of active protein and reducing accumulation in the liver ZF874 addresses the underlying pathology of both lung and liver disease manifestations of A1ATD VALIDATION & RATIONALE Seeks to specifically address the underlying driver of disease, A1AT misfolding and polymerization caused by the Z mutation In preclinical in vivo mouse studies, ZF874 increased the plasma concentration of human Z-A1AT and reduced liver burden and pathology At high doses, ZF874 has the potential to normalize A1AT levels Follow-on candidate ZF887 currently entering IND enabling phase with lead optimization completed LEADERSHIP & SUBJECT MATTER EXPERTISE James Huntington, Ph.D. Co-Founder and Chief Executive Officer Three decades of study into the structural basis of function and dysfunction of A1AT and other serpins Professor of Molecular Haemostasis at the University of Cambridge Fellow of the Academy of Medical Sciences Co-founded XO1 with Dr. Trevor Baglin in 2013 (acquired by Janssen Pharmaceuticals) followed by ApcinteX in 2014, and Z Factor with Dr. David Grainger in 2015 Co-founder of 7 companies since 2013 David Grainger, Ph.D. Co-Founder 20 years running an academic group in the Department of Medicine at the University of Cambridge with a focus on inflammation Inventor on over 150 patents and patent applications Co-Founder of 28 biotech companies Co-Founder and Chief Scientific Advisor at Medicxi COMPETITIVE LANDSCAPE VX-864, an Z-A1AT folding corrector, currently in phase 2 development by Vertex Pharmaceuticals ARO-AAT, an RNAi therapy for the knockdown of Z-AAT, currently in phase 2 development by Arrowhead Pharmaceuticals Belcesiran, an RNAi therapy for the knockdown of Z-AAT, currently in early clinical trials by Dicerna Pharmaceuticals

Developing MGX292, a disease-modifying, protein-engineered variant of human bone morphogenetic protein 9 (BMP9), targeting the central causal pathway of pulmonary arterial hypertension (PAH) MGX292 Designed to overcome the deficiency in BMP9 signaling in PAH, restore vascular function and reverse disease pathology Lacks signaling via ALK2, which otherwise leads to undesired bone formation PAH OVERVIEW Rare and ultimately fatal disease affecting the lungs and heart Initially presents with breathlessness caused by severely elevated blood pressure in the pulmonary circulation BMP9 signaling implicated in additional vascular diseases, such as ARDS, HHT, and hepatopulmonary syndrome EPIDEMIOLOGY PAH prevalence is 25 to 50 per million individuals, affecting approximately 70,000 patients in North America, Europe and Japan NEXT MILESTONE MGX292 IND filing COMPETITIVE LANDSCAPE Sotatercept, a ligand trap with selectivity for multiple proteins within the TGF-2 superfamily, currently in phase 3 development by Acceleron Pharma KER-012, a protein therapeutic designed to bind to and inhibit the signaling of TGF-2 ligands, currently in preclinical development by Keros Therapeutics DIFFERENTIATION While currently approved therapeutics for PAH seek to address vasoconstriction, MGX292 targets a central underlying disease mechanism (BMP9 signaling pathway), directly implicated from 20 years of human genetic discoveries in PAH As a protein-engineered variant of BMP9 designed to selectively activate ALK1 to preserve endothelial function, while avoiding the activation of ALK2, MGX292 overcomes the undesired effect of heterotopic ossification, or bone formation, otherwise associated with ALK2 activation VALIDATION & RATIONALE Patients with idiopathic and familial PAH exhibit loss of function in the BMP9/ALK1/BMPR2 pathway In the Sugen-hypoxia preclinical rat model of severe PAH, daily administration of MGX292 demonstrated a dose-dependent reversal of established lung vascular pathology In preclinical mouse models MGX292 was devoid of bone forming activity following intramuscular injection at high doses LEADERSHIP & SUBJECT MATTER EXPERTISE Nick Morell, M.D. Co-Founder & Chief Executive Officer Over 25 years of research experience in PAH from genetics to experimental medicine Leads a laboratory at the University of Cambridge that is internationally recognized for contributions to understanding mechanisms of PAH, publishing over 250 papers in the field Wei Li, Ph.D. Co-Founder and Advisor Expert in the protein biochemistry and structural biology of BMP ligands and receptors at the University of Cambridge Paul Upton, Ph.D. Co-Founder and Advisor Expert in the vascular biology of BMPs, BMP signaling and animal models of PAH at the University of Cambridge


CENTESSA PHARMACEUTICALS
CAPELLA BIOSCIENCE
Pioneering monoclonal antibody therapeutics, including CBS001 (anti-LIGHT) and CBS004 (anti-BDCA-2), to treat chronic progressive pulmonary and inflammatory diseases
CBS001 & CBS004
CBS001 – high-affinity mAb for IPF selectively targeting the inflammatory membrane form of LIGHT
CBS004 – humanized mAb for SSc and lupus specific to BDCA-2, which is expressed exclusively on plasmacytoid dendritic cells (pDC)
IPF OVERVIEW
Idiopathic Pulmonary Fibrosis (IPF) is a chronic, progressive respiratory disease characterized by inflammation and enhanced collagen deposition in the lung
~135,000 estimated US prevalence
SSC OVERVIEW
Systemic Sclerosis (SSc) is a connective tissue disorder characterized primarily by the thickening and hardening of the skin and internal organs including heart, lung, and kidneys
~200 cases per 1 million adults worldwide
CLE / SLE OVERVIEW
Lupus Erythematosus (CLE/SLE) is a multisystemic inflammation resulting from abnormal immunological function and periodic flares of varying severity
~70 cases per 100,000 persons
NEXT MILESTONES
CBS001 IND filing
CBS004 IND filing
DIFFERENTIATION
CBS001 is the first anti-LIGHT antibody to selectively block the inflammatory membrane form of LIGHT without impacting the soluble form
CBS001 demonstrated approximately 10 times higher potency than a competitor mAb while producing a clean safety profile on the FDA human tissue panel
CBS004 has demonstrated approximately 5 times higher potency than a competitor mAb for Lupis, while demonstrating it can reduce skin thickness induced by pDC to normal levels
VALIDATION & RATIONALE
Preclinical models of lung fibrosis induced in humanized mice show that CBS001 reduces fibrosis as measured by the Ashcroft score
Capella has demonstrated that CBS004 can reduce fibrosis causing dermal and epidermal skin thickness induced by pDC in a bleomycin induced mouse model
CBS004 has also been shown to completely inhibit collagen accumulation and TGFβ message in a preclinical model
LEADERSHIP & SUBJECT MATTER EXPERTISE
Steve Holmes, Ph.D. – Co-Founder
mAb development expert with over 30 years of experience
Previously served in senior positions at Oxford Glycosciences (acquired by UCB-Celltech), Domantis (acquired by GlaxoSmithKline), Kymab (acquired by Sanofi), and GlaxoSmithKline
Donald Drakeman, J.D., Ph.D. – Co-Founder
Skilled entrepreneur with significant drug development experience
Overseen the progress of 30 innovative medical products
Co-founded Medarex (acquired by Bristol-Myers Squibb)
Co-founded Genmab
COMPETITIVE LANDSCAPE
FG-3019, a humanized anti-CTGF mAb, currently in Phase 3 development by Fibrogen
CERC-002, an anti-LIGHT mAb, currently in Phase 1b development by Cerecor
BIIB059, an anti-BDCA-2 mAb, currently in Phase 2 development by Biogen
VIB7734, a pDC targeting mAb, currently in Phase 1b development by Horizon Therapeutics (Viela Bio)


CENTESSA PHARMACEUTICALS
LockBody
Leveraging LockBody platform technology to overcome classical limitations and minimize systemic toxicity in the targeting of CD47 and CD3 for the treatment of solid tumors
LB1 & LB2
LockBody CD47 (LB1) – In preclinical and cell line development for optimal targeting of solid tumors
LockBody CD3 (LB2) – In preclinical development for the safe and effective targeting of solid tumors
DISEASE OVERVIEW
Established standard of care for solid tumors remains incapable of treating the majority of patients effectively
Current solid tumor treatments demonstrate poor therapeutic index due to large target sinks and rate-limiting toxicity risks
Poor therapeutic index is particularly problematic in the setting of potent tumor-killing mechanisms such as CD47 and CD3
EPIDEMIOLOGY
Up to ~19 million new cases and ~10 million deaths globally, including ~1.6 million and ~500,000 within the United States
NEXT MILESTONES
LB1 IND filing
LB2 IND filing
DIFFERENTIATION
Addresses the poor therapeutic index limitations that antibodies and bi-specifics often have by "locking" CD47 or CD3 cell-killing mechanisms of action until activated in the tumor microenvironment for treatment of solid tumors
LB1 is designed to bypass CD47 sink, minimize peripheral toxicity, and drive maximal CD47 blocking activity into the tumor
Modular and reproducible nature of the LockBody platform may facilitate the rapid generation of a full portfolio of innovative and differentiated clinical candidates
VALIDATION & RATIONALE
Initially targeting CD47, a well elucidated immuno-oncology target that is over-expressed and associated with poor survival in the majority of solid tumor cases
In vitro preclinical data demonstrates LB1 maximizes the cell-killing potency of tumor-targeting antibodies and is well expressed, soluble, stable and has mAb-like development characteristics
In vivo preclinical data further demonstrates LB1 stability in the circulation and antibody-like pharmacokinetics, and indicates proteins remain locked until exposed to the tumor environment as intended
LEADERSHIP & SUBJECT MATTER EXPERTISE
Jonny Finlay, Ph.D. – Founder and Chief Executive Officer
Biotech entrepreneur with two decades of experience in biologics discovery and development in academia, government and industry
Previously at Pfizer, Wyeth, CBER-FDA
Jamie Coleman, Ph.D. – Founder and Chief Operating Officer
Physiology, software and data analytics expert with serial entrepreneurial experience
Co-Founder of CodeBase, Granular Therapeutics, and Ultrahuman
COMPETITIVE LANDSCAPE
CD47-bispecific antibodies for solid tumors, currently in preclinical development by Light Chain Bioscience
IB322, a PD-L1 / CD47 bispecific, currently in phase 1 development by Innovent
Activatable CD3 bispecifics, currently in development by Harpoon, Maverick, Amunix and CytomX


CENTESSA PHARMACEUTICALS
Orexia Therapeutics
Developing oral and intranasal orexin receptor agonists designed to selectively target orexin type-2 receptor to promote wakefulness and restore orexin neurotransmission in the brain, initially for the treatment of narcolepsy type 1 (NT1)
OX2R
Orexia's orexin receptor agonists selectively target orexin type-2 receptor (OX2R)
Molecules for both oral and intranasal administration are in preclinical development
DIFFERENTIATION
OX2R agonism directly targets the underlying pathophysiology of orexin neuron loss in NT1, as opposed to standard of care treatments
Diversified profile – intranasal delivery using the exclusively licensed Optinose device may provide substantially faster onset of efficacy
Significant expansion opportunity into Narcolepsy Type 2 (NT2), rare hypersomnias and additional rare and common diseases
Structural insights - Orexia's exclusive relationship with Sosei Heptares enables unique drug discovery and development techniques via the use of the OX2R stabilised receptors (StaRs) and proprietary structure-based drug design approaches
NT1 OVERVIEW
Narcolepsy type 1 (NT1) is a life-long disorder with loss of the brain's ability to regulate normal sleep-wake cycles
NT1 is caused by the profound loss of orexin-producing neurons; characterized by excessive daytime sleepiness, sleep paralysis, hallucinations, and cataplexy
Current treatments address symptoms of NT1, but no approved therapies address underlying pathophysiology
VALIDATION & RATIONALE
Orexin neuron loss is key pathophysiological driver for NT1 disease
Preclinical and clinical studies demonstrate orexin agonists promote wakefulness in healthy and NT1 patients and may alleviate cataplexy
Small molecule OX2R agonists and OX2R preferring peptides have shown enhanced wakefulness in NT1 model and wild type mice
EPIDEMIOLOGY
Estimated narcolepsy prevalence of ~150,000 in the United States, of which approx. ~50% have NT1
~3 million prevalence of narcolepsy worldwide
NEXT MILESTONE
Candidate Selection for oral and intranasal programs
LEADERSHIP & SUBJECT MATTER EXPERTISE
Mario Alberto Accardi, Ph.D. – Chief Executive Officer and Co-Founder
Experienced biotech entrepreneur and venture capital investor
Co-founded Orexia based on the idea of leveraging novel structural insights of the orexin receptors for the drug discovery of orexin agonists
Previously in life sciences venture capital with Entrepreneurs Fund and Fort Rock Capital where he led several investments
Deborah Hartman, Ph.D. – Chief Scientific Officer
Expert orexin drug developer with large pharma experience
Previously Global Program Lead of Takeda Pharmaceuticals' Orexin program, held earlier leadership positions at AstraZeneca and Hoffmann-La Roche
Advanced two orexin agonist molecules into the first clinical studies in NT1 and multiple other indications at Takeda Pharmaceuticals
Sarah Wurts Black, Ph.D. – Head of Biology
Significant orexin pre-clinical experience and NT1 modeling expert
Led in vivo effort for the orexin receptor modulator program at Reset Therapeutics
Developed preclinical NT1 models and sleep/wake bioassays at Stanford University and SRI International
Emiliangelo Ratti, Ph.D. – R&D Strategic Advisor
CNS and orexin agonist and antagonist drug development experience
Previously Head of Neurosciences at Takeda Pharmaceuticals and GSK
COMPETITIVE LANDSCAPE
XYREM® (sodium oxybate), marketed by Jazz Pharmaceuticals for EDS or cataplexy symptoms in narcolepsy
XYWAV® (calcium, magnesium, potassium and sodium oxybates), marketed by Jazz Pharmaceuticals, for EDS or cataplexy symptoms in narcolepsy
WAKIX® (pitolisant), marketed by Harmony Biosciences for the treatment of narcolepsy (EDS and cataplexy)
TAK-994 (orexin receptor-2 agonist), currently in Phase 2 development for NT1 by Takeda Pharmaceuticals
FT218 (sodium oxybate), marketed by Avadel Pharmaceuticals for EDS and Cataplexy symptons in narcolepsy
RDC-264177 (orexin receptor-2 agonist), currently in pre-clinical development by Alkermes.


CENTESSA PHARMACEUTICALS
Janpix
Small molecule protein degrader therapeutics designed to covalently and selectively bind to and degrade STAT3 and STAT5 proteins for the treatment of hematological malignancies
PROGRAMS
Small molecule, protein degraders
Dual, covalent binding to STAT3/STAT5 to destabilize and degrade target protein
Currently in lead optimization
DISEASE OVERVIEW
Leukemia and lymphomas are two types of hematopoietic cancers
Leukemia occurs when the bone marrow produces too many abnormal non-functional white blood cells
Lymphoma affects lymphocytes, a type of white blood cell, causing immune dysregulation, serious infection, and eventually respiratory failure
EPIDEMIOLOGY
~150,000 leukemia and lymphoma patients in the US;
EU
~45,000 new cases per year of AML in the US and EU
NEXT MILESTONE
Candidate selection
DIFFERENTIATION
Small molecule monovalent protein degraders designed to destabilize and eventually remove STAT proteins may lead to greater activity with lower likelihood of resistance formation, as well as more durable responses and longer dosing intervals
Demonstrated ability to target a previously "undruggable" protein, STAT5, which has historically been difficult to target due to its inherent instability
STAT3/STAT5 dual selectivity may potentially deprive cancer cells of a key escape mechanism leading to less resistance to therapy
VALIDATION & RATIONALE
Aberrant STAT3 and STAT5 activity is widely recognized as a critical molecular abnormality and a master regulator of tumor apoptosis and proliferation in numerous cancers, including hematologic malignancies. Targeting upstream JAK kinases has yielded only moderately successful therapies in cancer
A lead compound was shown in a standard AML tumor model to significantly reduce leukemic burden and suppress tumor dissemination
LEADERSHIP & SUBJECT MATTER EXPERTISE
Patrick Gunning, Ph.D. – Chief Scientific Officer
Deep expertise in STAT with 15+ years of research in the field, which forms the scientific foundation of Janpix
A professor of chemistry at the University of Toronto, and Canada Research Chair in Medicinal Chemistry
Has published ~110 research papers, won 19 research awards including Canada's Top 40 Under 40, founded two biotech companies with over $26M in funding, and developed a dynamic and diverse medicinal chemistry program targeting protein-protein interactions
Roman Fleck, Ph.D. – Chief Executive Officer
Seasoned biotech entrepreneur, investor and drug developer
Previously was advisor and Principal at Index Ventures where he served on the boards of GlycoVaxyn (sold to GSK), Versartis (NASDAQ: VSAS), and Novocure (NASDAQ: NVCR). Prior to that served at Boehringer Ingelheim where he led the advancement of numerous programs in inflammation & cardiovascular disease from pre-clinical to clinical stage.
Received a PhD from MIT and MBA from NYU's Stern School of Business
COMPETITIVE LANDSCAPE
STAT3 degrader PROTAC program, currently believed to be in preclinical development, by Oncopia Therapeutics (now Roivant Sciences)
STAT3 degrader PROTAC program, expected to enter clinical trials in 2021, by Kymera Therapeutics

Developing small molecule kinase inhibitors to inhibit difficult-to-treat EGFR mutations that are resistant to currently available therapies, including EGFR-Ex20 and EGFR-C797S PROGRAMS Highly potent and selective, oral, small molecule EGFR inhibitors Exon20 and C797S inhibitors with robust therapeutic window and favorable PK properties Both programs currently in lead optimization DISEASE OVERVIEW Lung cancer is the leading cause of cancer deaths worldwide, with non-small cell lung cancer (NSCLC) accounting for 85% of all lung tumors EGFR is the most frequent mutation with prevalence of ~15% of NSCLC patients EGFR Exon20 mutations account for between 4-12% of all EGFR mutations in NSCLC patients EPIDEMIOLOGY 4,500 incidence of exon 20 insertion mutations in the US NEXT MILESTONES EGFR-Exon20 candidate selection EGFR-C797S candidate selection EGFR-Next Generation lead selection COMPETITIVE LANDSCAPE Mobocertinib (TAK-788), an oral EGFR/HER2 inhibitor, currently in phase 2 development by Takeda Amivantamab (JNJ-6372), a bispecific antibody targeting EGFR and MET, currently in phase 1 development by Johnson & Johnson BDTX-189, an EGFR/HER2 inhibitor targeting exon 20 insertion mutations, currently in phase 1 development by Black Diamond Therapeutics CLN-081, an EGFR inhibitor targeting exon 20 insertion mutations, currently in phase 1 development by Cullinan-Pearl DIFFERENTIATION Highly potent Exon20 inhibitor with robust therapeutic window over wild type EGFR and optimized pharmacokinetic profile; potently inhibits proliferation of cells expressing EGFR exon 20 mutations C797S program will exploit a new confirmed mechanism of action to target mutant EGFR; Potently inhibits proliferation of cells expressing EGFR L858R + C797S mutations as well as L858R and exon 19 deletions only Proprietary platform technology that will support design of next generation EGFR TKIs by predicting possible resistance mutations and identifying new binding modes that may reduce the emergence of resistance VALIDATION & RATIONALE EGFR mutations represent the most common group of druggable mutations in cancer; several EGFR inhibitors have been approved to treat patients whose tumor cells are driven by the mutant EGFR oncogene Current challenges of cancer resistance are well-characterized, either for cancers that lack sensitivity to available EGFR inhibitors, such as Exon20 insertions, or have acquired resistance mutations such as C797X following treatment with EGFR inhibitors (e.g., osimertinib) Exon20 program has demonstrated a favorable therapeutic index compared to competitor EGFR Exon20 inhibitors in preclinical studies C797S program has demonstrated high potency and robust therapeutic index in preclinical studies LEADERSHIP & SUBJECT MATTER EXPERTISE Roman Thomas, M.D. Co-Founder Discoverer of several cancer specific mutations and expert in Translational Genomics Professor at University of Cologne, who has worked on the genetics and biology of lung cancer for more than 15 years Part of the team discovering the oncogenic nature of exon 20 mutations of ERBB2/Her2 Johannes Heuckmann, Ph.D. Co-Founder and CSO Serial biotech entrepreneur Experienced scientist with a focus on targeting resistance mutations and diagnostics Previously served as CSO at New Oncology GmbH (acquired by Siemens) Joseph Birkett, Ph.D. CEO Experienced clinical development executive Previously held leadership roles in clinical development at Eli Lilly, Roche, Ono Pharma, and Acerta Pharma (acquired by AZ)

Palladio Biosciences

Introduction

Palladio Biosciences, Inc. (Palladio) was created with the goal of developing transformative medicines for orphan diseases of the kidney. Palladio is actively investigating its lead product candidate, lixivaptan, an oral, non-peptide, new chemical agent that works by selectively suppressing the activity of the hormone vasopressin at the V2 receptor, as well as evaluating its potential to deliver a differentiated safety profile for patients with autosomal dominant polycystic kidney disease (ADPKD). Palladio's development program is designed to show that lixivaptan can slow the decline in renal function that is typically observed in ADPKD patients while avoiding the liver safety issues associated with JYNARQUE®, a form of branded tolvaptan indicated for ADPKD, which is the only drug currently approved for ADPKD. We believe the potential of lixivaptan in ADPKD is supported by data to date, which includes extensive data from a quantitative-systems toxicology modeling tool, clinical development in a different indication as well as preclinical and clinical studies in ADPKD.

Palladio is currently conducting a Phase 3 clinical trial (designated the ALERT Study), an open-label, repeat-dose study designed to assess hepatic and non-hepatic safety and efficacy of lixivaptan in patients who previously experienced abnormal liver chemistry test results while treated with tolvaptan and were permanently discontinued from tolvaptan for that reason. While the ALERT Study is not a registrational trial, Palladio is preparing to conduct a global Phase 3 pivotal trial of lixivaptan in ADPKD patients, (designated the ACTION study) which we expect to commence by early-to-mid 2022.

The Palladio team includes veterans in drug development, research, business entrepreneurship and management with extensive experience in our industry. Palladio is led by Alex Martin, Chief Executive Officer, who previously served as Chief Executive Officer of Realm Therapeutics and also held senior-level positions at several development stage biopharmaceutical companies. He is joined by Neil Shusterman, M.D., Chief Medical Officer, who was a practicing academic nephrologist at the University of Pennsylvania, where he cared for chronic kidney disease and dialysis patients with ADPKD. Dr. Shusterman is also a veteran drug developer in the pharmaceuticals industry with over 30 years of experience and is responsible for the development and approval of several notable products. Lorenzo Pellegrini, Ph.D., is a founder of Palladio and serves as its Chief Operating Officer. Dr. Pellegrini is a scientist, investor and entrepreneur and the co-founder of six drug development companies. During his tenure at a leading venture capital firm, he was responsible for monitoring the firm's investment in Cardiokine, the prior sponsor of lixivaptan, and became intimately familiar with lixivaptan's potential as a therapy for the treatment of ADPKD.

Disease Overview

ADPKD is a hereditary disorder characterized by the formation and enlargement of cysts in the kidney, liver, and other organs. It is the fourth leading cause of kidney failure in the U.S. and one of the most common inherited genetic diseases in humans, occurring equally in women and men, in all races, globally. There are an estimated 140,000 diagnosed ADPKD patients in the U.S.

ADPKD results from loss-of-function mutations in one of two related genes, *PKD1* or *PKD2*, which encode for the gene products Polycystin 1 and Polycystin 2, respectively. These defects disrupt the normal differentiated phenotype of the renal tubular epithelium, leading to increases in intracellular cyclic adenosine monophosphate (cAMP), and resulting in increased cellular proliferation and cyst formation throughout the life of a patient. Progressive enlargement of the kidneys caused by ADPKD may result in severely enlarged and distorted kidneys. Whereas a normal kidney is usually about the size of a human fist and weighs around six ounces, kidneys affected by ADPKD can be as large as a football and may weigh 30 pounds. In ADPKD, cyst growth displaces and destroys normal kidney tissue, leading to a decreased number and function of nephrons. As normally functioning kidney tissue is replaced, the kidney's ability to function decreases. Although compensatory hyperfiltration can maintain kidney function within a normal range for some periods of time, ADPKD patients

often experience hypertension, acute and chronic pain, kidney stones, and hematuria as well as cyst and urinary tract infections even when kidney function appears normal. Eventually, the majority of ADPKD patients experience end stage kidney failure and require dialysis or kidney transplantation.

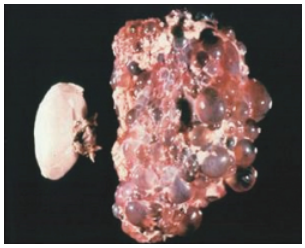


Figure 1: Appearance of a normal kidney on the left as compared to that of a kidney from an ADPKD patient on the right.

Current Treatments and Market Opportunity

There is no cure for ADPKD. Only one drug, tolvaptan, has been approved for treatment of ADPKD. Tolvaptan, like lixivaptan, is a non-peptide vasopressin V2 receptor antagonist in the drug class of vaptans. Additional treatments for ADPKD patients are intended to manage conditions associated with the disease, such as hypertension, kidney infections, gout, kidney stones and pain.

Tolvaptan was first approved for the treatment of low sodium in the blood (hyponatremia) conditions. It has now also been approved for the treatment of ADPKD in Japan, Canada, Europe, the U.S. and other major markets. It is marketed by Otsuka Pharmaceutical Co., Ltd. (Otsuka) for ADPKD under the tradename of JINARC® in Canada, Europe and other countries. It was approved in the United States in April 2018 for slowing kidney function decline in adults at risk of rapidly progressing ADPKD and is marketed in the U.S. by Otsuka under the tradename of JYNARQUE®. In 2020, U.S. sales of JYNARQUE® totaled approximately $620 million. More than 5,000 patients have been treated with JYNARQUE® in the U.S. since its approval.

However, the use of tolvaptan for the treatment of ADPKD is associated with serious drug induced liver injury (DILI). Consequently, the labeling for tolvaptan for ADPKD carries a prominent DILI warning with requirements for extensive liver function monitoring while patients take the drug. The U.S. Food and Drug Administration (FDA) also mandated a Risk Evaluation and Mitigation Strategy (REMS) program as a condition of approval for tolvaptan for ADPKD. A REMS program is a drug safety program that the FDA can require for certain medications with serious safety concerns. JYNARQUE® prescribers must enroll and be certified in the REMS program. Patients must also enroll and are required to submit frequent blood tests to monitor for liver toxicity.

Market research conducted in the U.S. suggests that less than half of patients who are considered good clinical candidates for tolvaptan are actually prescribed the drug. Liver toxicity is cited as a major deterrent to using tolvaptan for many patients. The REMS program brings additional burden to both physicians and patients, which has also impacted market adoption of JYNARQUE®.

Our Product Candidate

We believe that lixivaptan may offer similar therapeutic activity in treating ADPKD as compared to tolvaptan while avoiding the DILI associated with tolvaptan use in this patient population. Because vasopressin is the

principal agonist pathway leading to the formation of cAMP in kidney tubule cells, therapeutic interventions aimed at counterbalancing the effect of vasopressin and/or normalizing intracellular levels of cAMP were hypothesized as possible treatments to delay disease progression in ADPKD, as supported by animal models and preclinical work. Definitive evidence in favor of the utility of vasopressin antagonism as a therapeutic approach for ADPKD is derived from clinical and therapeutic experience with tolvaptan.

Lixivaptan's development program for ADPKD builds on a historical, extensive development program conducted by our licensors in investigating lixivaptan for the treatment of hyponatremia. This work included 36 completed clinical studies in which more than 1,600 subjects were dosed with lixivaptan, the results from which we believe support lixivaptan's activity on key measures believed to be important for ADPKD. In addition, no lixivaptan-related liver toxicity was noted in a safety assessment conducted for potential hepatotoxicity in this previous development program.

Prior to administering lixivaptan to ADPKD patients, Palladio studied lixivaptan's liver safety profile, as compared to tolvaptan, by utilizing DILIsym, a state-of-the art, predictive, quantitative systems toxicology modeling tool developed by the DILIsym Consortium in collaboration with the U.S. FDA and industry partners. DILIsym representations predicted that lixivaptan is not likely to cause DILI and may be better tolerated than tolvaptan with respect to the mechanisms of liver toxicity currently represented in DILIsym. The results of this work were published in a peer-reviewed journal.

Palladio has completed a Phase 2 clinical trial, designated the ELiSA Study (Evaluation of Lixivaptan in Subjects with ADPKD). This study showed that lixivaptan has potent vasopressin V2 receptor antagonist activity in patients with ADPKD with varying degrees of kidney function (chronic kidney disease stages CKD1 through CKD3). The study also defined the dose range for further Phase 3 studies. Lixivaptan was well tolerated at the doses given, with adverse events (AEs) consistent with previous studies in non-ADPKD patients. No liver toxicity signals were noted.

Palladio has also completed a clinical study in a single subject with intractable pain due to ADPKD who was required to discontinue tolvaptan treatment due to clinically significant abnormalities in serum alanine aminotransferase (ALT), a sign of liver toxicity, on each of three sequential attempts to initiate treatment with tolvaptan. The patient was subsequently treated with lixivaptan for more than 14 months with no abnormalities in ALT or other liver chemistry tests.

Palladio is currently conducting its Phase 3 clinical trial (designated the ALERT Study), an open-label, repeat-dose study designed to assess hepatic and non-hepatic safety and efficacy of lixivaptan in patients who previously experienced abnormal liver chemistry test results while undergoing treatment with tolvaptan and who were permanently discontinued from tolvaptan for that reason. Initial, preliminary data from the ALERT study is expected to become available in mid-to-late 2021. While the ALERT Study is not a registrational trial, Palladio is preparing to conduct a global Phase 3 pivotal trial of lixivaptan in ADPKD patients, (designated the ACTION study) which we expect to commence by early-to-mid 2022.

Clinical Data

Palladio has completed two Phase 2 trials of lixivaptan, the results from which we believe support its therapeutic potential in ADPKD, if approved. In addition, lixivaptan has shown activity in preclinical models in established models of PKD. Historically, lixivaptan has also been investigated in over 30 additional trials by our licensors in hyponatremia.

Completed Trials

The ELiSA Study. PA-102—A Phase 2, open-label, multi-center study to evaluate the safety, pharmacokinetics and pharmacodynamics of lixivaptan in subjects with autosomal dominant polycystic kidney disease.

The ELiSA study was a Phase 2, open-label, parallel-group, multiple dose, multi-center study conducted to directly characterize the safety and tolerability, pharmacokinetics, and pharmacodynamics (pharmacologic response) of lixivaptan in ADPKD subjects with different degrees of renal function impairment. The study used administration of twice daily oral doses of 50 mg and 200 mg for seven days in subjects with both ADPKD and chronic kidney disease (CKD) stage 1, stage 2 or stage 3. Chronic kidney disease is categorized into five stages based on how well the kidneys can filter waste and extra fluid out of the blood, corresponding to mild damage in stage 1 to complete kidney failure in stage 5. These safety, PK and PD assessments are being used to guide appropriate lixivaptan dosing recommendations for subjects with ADPKD and mild or moderate CKD in future clinical studies.

Study PA-102 enrolled a total of 31 subjects diagnosed with ADPKD who were assigned to four cohorts based on baseline renal function and treated with one of two doses of lixivaptan for seven days, twice daily (BID), as illustrated in Figure 2 below:

Cohort	CKD stage	Dose	N
1	CKD1 or CKD2	200 mg BID	9 subjects
2	CKD3	200 mg BID	8 subjects
3	CKD1 or CKD2	50 mg BID	7 subjects
4	CKD3	50 mg BID	7 subjects

Figure 2: PA-102 dosing and CKD stage cohorts.

Subjects were confined to the clinical research unit (CRU) during the critical periods of data collection at the initiation and completion of dosing. Safety assessments included clinical laboratory findings, 12-lead electrocardiography (ECGs), vital signs, physical examination findings, adverse event monitoring, and a tolerability questionnaire. PD assessments included concentration of dissolved chemicals in the urine (osmolality) and urine output, total kidney volume (TKV) and liver volume (LV) by magnetic resonance imaging (MRI), plasma copeptin, and serum creatinine to calculate estimated glomerular filtration rate (eGFR). PK assessments included determination of lixivaptan and metabolite concentrations over the PK sampling period (0-14 hours). The design of PA-102 is summarized in the graphic below.

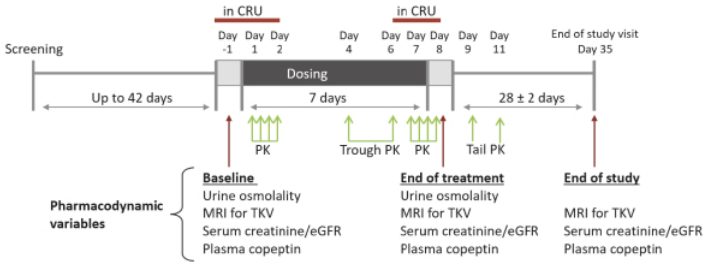


Figure 3: Schematic representation of PA-102 trial design.

Lixivaptan was well-tolerated across all cohorts, with all 31 subjects having completed the study. There were no deaths, serious AEs, or treatment-emergent adverse events (TEAEs), leading to discontinuation from the study. Fifteen subjects experienced at least one TEAE, which were mild or moderate in severity. The most common AEs observed were dry mouth, headache, nausea, diarrhea, flank pain, paresthesia, syncope and thirst. In addition, no abnormal changes in additional measured biomarkers such as ALT were observed.

In addition to the assessment of AEs, all subjects were asked to complete a tolerability questionnaire after the first and seventh days of dosing with lixivaptan. At the final assessment, 81% of the subjects indicated they could tolerate continuing on the drug for at least the next 12 months. All subjects indicated they could recommend lixivaptan to another patient.

The PK profile of lixivaptan and its metabolites in ADPKD patients in study PA-102 was clinically equivalent to the PK profile in healthy volunteers. The PK profile of 50 mg and 200 mg BID doses of lixivaptan on day seven is shown in the figure below.

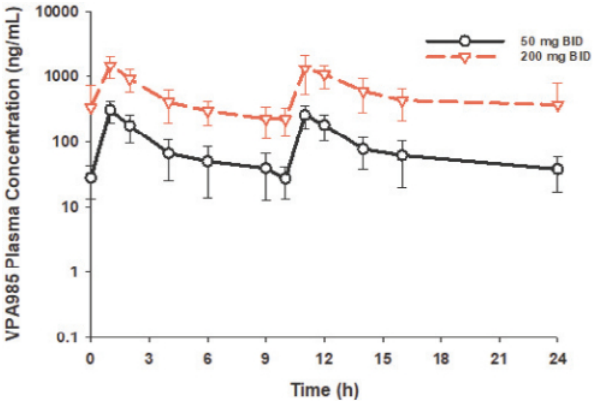


Figure 4: Mean (± standard deviation) plasma concentrations of lixivaptan (VPA-985) observed on day 7 after twice-daily oral doses of 200 mg and 50 mg in ADPKD subjects in PA-102.

Importantly, Palladio observed a dose-dependent reduction in mean urine osmolality following lixivaptan administration, which we believe indicated blockade of the vasopressin V2 receptor over 24 hours on a twice a day dosing scheme at 200 mg BID.

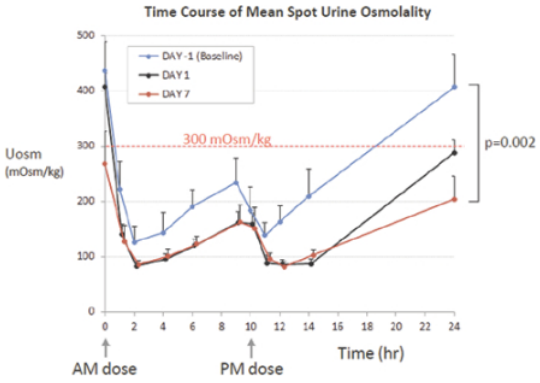


Figure 5: Time Course of Mean Spot Urine Osmolality.

The percentage of ADPKD subjects achieving adequate suppression of urine osmolality after seven days of dosing with lixivaptan with cross-study comparisons to normal healthy volunteers and published results for tolvaptan are shown in Figure 5.

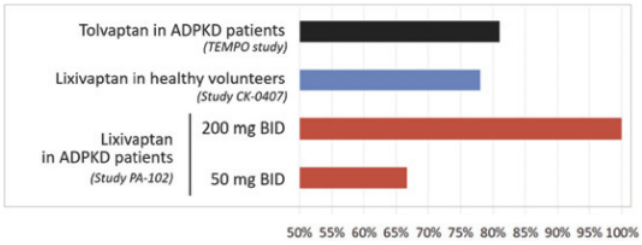


Figure 6: Percentage of subjects meeting the trough urine osmolality (Uosm) suppression target criterion (Uosm <300 mOsm/kg) at steady state on tolvaptan (ADPKD subjects in TEMPO trial) and lixivaptan (healthy volunteers in Study CK-0407 and ADPKD subjects in Study PA-102).

Based on these results, we believe the minimum efficacious daily dose is likely to be 100 mg BID with a maximum dose of 200 mg BID. The 50 mg BID dose is considered a starting dose to acquaint subjects with the aquaretic effects of the drug. Other changes in PD parameters for serum sodium, eGFR and plasma copeptin were consistent with the expected activity of the vaptan class of drugs in ADPKD patients.

In conclusion, we believe results from PA-102 suggest that lixivaptan may be a potent vasopressin V2 receptor antagonist with meaningful activity on urine osmolality, serum sodium, eGFR and plasma copeptin in subjects with ADPKD, and with a good tolerability profile and AEs that are consistent with previous studies.

PA-103: An Expanded Access Study of Lixivaptan in a Single Subject with Intractable Pain Due to Polycystic Kidney Disease

Study PA-103 is a Phase 2, open-label, single-arm, repeat dose expanded access study in a single subject with ADPKD who had been incapacitated by ADPKD-related abdominal pain. Pain is a frequent complication of ADPKD and clinical data with tolvaptan suggest that vaptan therapy may help alleviate pain. In this study, increasing doses of lixivaptan were provided to improve the marked abdominal pain that the subject was experiencing. Doses up to 150 mg in the morning and 100 mg in the evening were allowed during the titration period and subsequently were allowed to increase to 200 mg in the morning and 100 mg in the evening in the maintenance period. Liver chemistry tests, scales for quality of life and pain and AEs were monitored frequently during both the titration and maintenance periods.

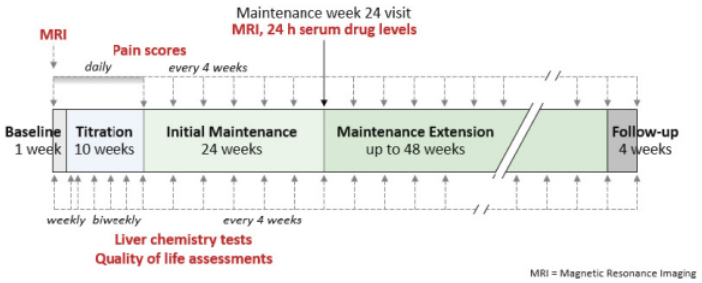


Figure 7: Schematic representation of PA-103 trial design.

This subject was previously treated for the pain with tolvaptan but was unable to continue with the drug because of DILI, which manifested as elevated serum ALT levels that occurred on three separate occasions while on tolvaptan.

The subject's previous dosing and ALT levels on tolvaptan are shown in the chart below.

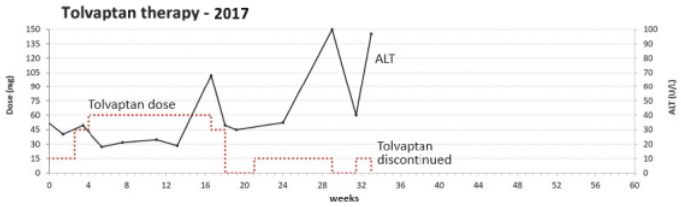


Figure 8: Serum ALT levels and tolvaptan daily dose over time in an ADPKD subject with severe abdominal pain treated with tolvaptan in 2017.

The subject started dosing with lixivaptan in May 2019. The dosing record and ALT levels through study completion in July 2020 are shown in the chart below.

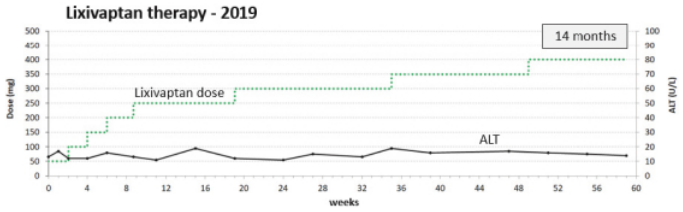


Figure 9: Serum ALT levels and lixivaptan daily dose over time in an ADPKD subject with severe abdominal pain treated with lixivaptan starting in 2019.

Lixivaptan was well-tolerated by the subject in the study. The only AE reported determined to be definitely related to the study drug was increased urine output. Importantly, the subject completed 415 days of treatment with lixivaptan without any evidence of liver injury. All liver chemistry tests were normal while the subject had been receiving lixivaptan.

The subject's pain and quality of life modestly and mostly transiently improved while on lixivaptan therapy, but because of continued discomfort the subject elected to discontinue lixivaptan in order to pursue more aggressive pain management treatments.

While we believe the encouraging results from this study support the differentiated profile of lixivaptan in ADPKD, the study enrolled only a single patient. As a result, we are continuing to investigate lixivaptan in trials with larger patient populations to generate data to support further development of this candidate.

Ongoing Trial

The ALERT Study, PA-ADPKD-303, is an open-label, repeat-dose Phase 3 study designed to assess hepatic and non-hepatic safety and efficacy of lixivaptan in patients who previously experienced abnormal liver chemistry test results while treated with tolvaptan, and who were permanently discontinued from the drug for that reason. The first patient in this trial was dosed in November 2020. Up to 50 subjects will be enrolled and treated. Evaluations include frequent testing of liver chemistry and assessment of AEs.

After meeting entry criteria, subjects enter a baseline period to obtain baseline measurements followed by a titration period during which lixivaptan administered BID is increased to a dose that is tolerated and results in a reduced trough urine specific gravity (or the maximum dose level). Treatment continues for up to 52 weeks. The primary endpoint is the proportion of subjects who develop significantly elevated ALT levels. The design of the ALERT trial is summarized in the graphic below.

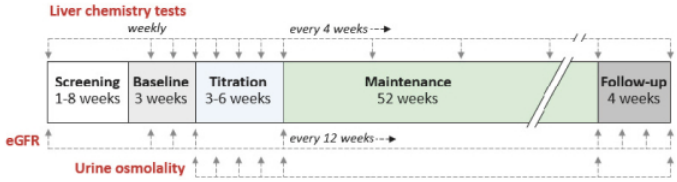


Figure 10: Schematic representation of PA-ADPKD-303 trial design (the ALERT study).

Development Plan

Palladio designed its planned global, registrational study based on FDA feedback. Designated the ACTION Study, PA-ADPKD 301 is expected to consist of two parts as described below. Both parts of the study are designed to contribute to evaluating the safety profile of lixivaptan, particularly with respect to any effects on liver chemistry tests. The primary endpoint in Part 1 is the effect of lixivaptan in slowing the decline in renal function as measured by change in eGFR. Part 2 is designed to assess the durability of the effect on renal function observed in Part 1. The design of the planned trial is summarized in the graphic below.

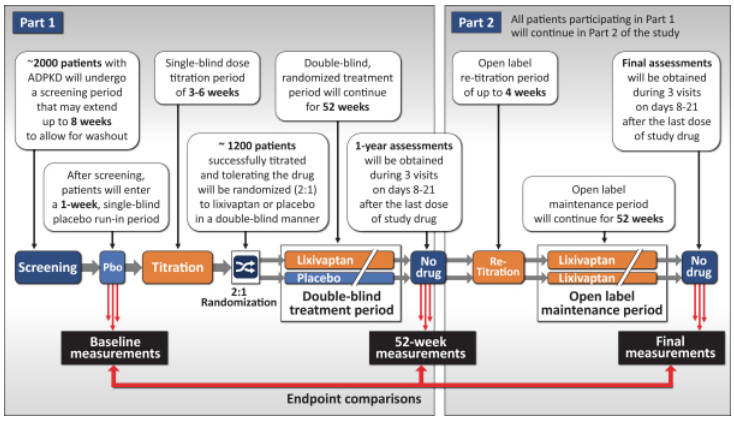


Figure 11: Schematic representation of planned PA-ADPKD-301 trial design.

Preclinical Data

Treatment with lixivaptan ameliorated disease manifestations in the PCK rat, an orthologous model of human PKD, and in the RC/RC mouse model, a hypomorphic genetic model of PKD due to homozygous R3277C mutations in the PKD1 gene. Compared to untreated controls, treatment with lixivaptan in one or both

models was associated with marked reductions in serum creatinine, kidney weight relative to body weight, kidney cystic score, kidney fibrosis and renal cAMP levels. The main results are shown in the figure below.

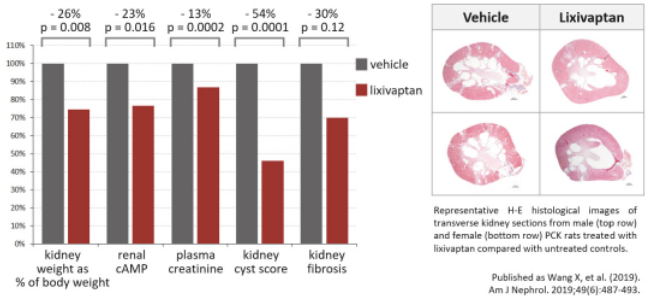


Figure 12: Left Panel: Effect of lixivaptan (red bars) normalized to untreated control animals (grey bars) on disease-related parameters in the PCK rat model of ADPKD. Right Panel: Effect of lixivaptan on cyst burden in histological images of kidney sections.

In both models, the magnitude of effect observed with lixivaptan was comparable to historical experiments conducted with tolvaptan in the same animal models.

We believe that the therapeutic potential of lixivaptan in ADKPD is based on its observed effect on the suppression of urinary osmolality to <300 mOsm/kg in a number of clinical studies and patient populations. Inhibition of AVP binding to vasopressin V2 receptors in kidney tubular epithelial cells leads to electrolyte free water excretion (aquaresis) and can be readily monitored by measuring urine osmolality. Urine osmolality suppression of the magnitude observed with lixivaptan is a measure of complete inhibition of vasopressin-mediated signaling, which we believe represents a predictive biomarker of its potential in the treatment of ADKPD. Lixivaptan was also associated with activity on other PD endpoints associated with vasopressin V2 receptor inhibition, including urine output increase, serum sodium increase, and an acute, reversible decrease in eGFR.

Legacy Studies in Hyponatremia

Palladio is leveraging the development work from the legacy hyponatremia program conducted by Wyeth, LLC and Cardiokine, Inc./Biogen Inc. The legacy program consisted of 22 Phase 1 trials, ten Phase 2 trials, three Phase 3 trials and one open label extension study for treating disease states associated with water retention. A total of 1,673 subjects received at least one dose of lixivaptan. The completed studies range from single-dose exposures over a variety of dosage strengths up to 800 mg daily dose to multiple dose trials for up to 28 weeks. Overall, the mean dose was 168.7 mg and the mean duration of exposure was 27.5 days.

Palladio considers the legacy studies in healthy volunteers, including PK studies, drug interaction studies, a renal insufficiency study and a thorough QTc study, to provide the most useful safety data for the current development program in ADPKD. Lixivaptan was generally well tolerated in these studies without identification of any clinically significant safety signals.

Following its acquisition of Cardiokine in July 2016, Palladio conducted a safety assessment for potential hepatotoxicity in the Cardiokine hyponatremia program. No lixivaptan-related liver toxicity was identified. In

October 2017, Palladio held a pre-IND meeting with the FDA to discuss the development plan for lixivaptan for ADPKD. Specific objectives included feedback and input from the FDA regarding the extent to which Palladio can rely on information previously submitted from the previous Cardiokine hyponatremia program as to certain issues noted in the advisory committee discussion for the hyponatremia program. Palladio also sought input regarding product quality issues raised in the complete response letter for the Cardiokine hyponatremia NDA. Specifically, Palladio sought agency feedback regarding the dissolution method and the risk of crystalline lixivaptan precipitation in the drug product, as well as the agency's request to Cardiokine in its hyponatremia program to investigate whether certain impurities in the lixivaptan drug substance synthesis process have genotoxic properties. The FDA agreed with Palladio that no additional non-clinical work would be required to support the planned IND study nor the eventual NDA submission for the treatment of ADPKD. The meeting minutes issued by the FDA stated that the FDA did not believe the mortality findings from the legacy Cardiokine BALANCE trial —treatment of hyponatremia in hospitalized patients with congestive heart failure —would pose a barrier to approval of lixivaptan for the treatment of ADPKD. The approach to address the product quality issues, as well as the timing for their resolution concurrently with the ADPKD clinical development program, were also confirmed.

Drug Induced Liver Injury Assessments

Clinical use of the vasopressin V2 receptor antagonist tolvaptan in ADPKD patients was found to be associated with serious DILI. Consequently, the approved labeling for tolvaptan in the U.S. and other countries carries a prominent DILI warning with requirement for extensive liver function monitoring while patients take the drug. Because of chemical similarities between lixivaptan and tolvaptan, a safety assessment was conducted for potential hepatotoxicity in the Cardiokine NDA program for lixivaptan for the treatment of hyponatremia.

In the healthy volunteer studies, analysis of AEs and liver-related laboratories showed no evidence of liver toxicity with lixivaptan. In the Phase 2 and Phase 3 trials in subjects with hyponatremia, the only suggestion of adverse hepatic effects was the frequency of serum gamma-glutamyltransferase (GGT) increased in lixivaptan arms compared to placebo arms (4.0% vs. 2.4%, respectively). However, while there were small consistent mean increases from pre-dose in GGT over time in the lixivaptan group compared to placebo, this effect was also associated with consistent mean decreases in serum ALT, AST, and total bilirubin, which we believe suggests that the GGT effect did not clearly indicate liver toxicity. Furthermore, there were no instances of hepatotoxicity meeting the definition of Hy's Law among subjects treated with lixivaptan.

In order to further evaluate the potential hepatic safety differences between lixivaptan and tolvaptan, Palladio modeled lixivaptan and its three major metabolites in DILIsym, a predictive mechanistic quantitative systems toxicology model licensed by the U.S. FDA and numerous pharmaceutical and biotechnology companies to evaluate potential liver toxicity of drug products. DILIsym simulation results have successfully predicted the differential liver toxicity profile of related drug pairs such as ubrogepant/telcagepant, pioglitazone/troglitazone, entacapone/tolcapone, among others, and have supported numerous regulatory submissions. DILIsym representations of tolvaptan correctly predicted the hepatic toxicity observed with tolvaptan and found that such toxicity may be due to two mechanisms that are shared with many other drugs that cause idiosyncratic hepatotoxicity, specifically, inhibition of mitochondrial function and disruption of bile salt homeostasis. Conversely, DILIsym representations of lixivaptan predicted that lixivaptan is not likely to cause DILI and may be better tolerated than tolvaptan with respect to the mechanisms of liver toxicity currently represented in DILIsym. The DILIsym results noted that the predicted difference in toxicity between lixivaptan and tolvaptan was due, in large part, to higher liver concentrations predicted for tolvaptan compared to lixivaptan, particularly for the molecular entities that potently interact with bile acid transporters.

Development Plan

Palladio is currently conducting an open-label, repeat dose Phase 3 clinical trial (designated the ALERT Study), designed to assess hepatic and non-hepatic safety and efficacy of lixivaptan in patients who previously

experienced abnormal liver chemistry test results while treated with tolvaptan and were permanently discontinued from tolvaptan for that reason. Initial, preliminary data from the ALERT study is expected to become available in mid-to-late 2021. In addition, Palladio is also preparing to conduct the ACTION Study, a global Phase 3 pivotal clinical trial of lixivaptan in ADPKD patients, which we expect to commence in early-to-mid 2022.

Product Exclusivity

Lixivaptan is a new chemical entity (NCE) that has never been approved or launched for any indication anywhere in the world. While the composition of matter patent for lixivaptan has expired, Palladio is pursuing, through a Patent Cooperation Treaty (PCT) patent application, worldwide patents for polycystic disease indications (including ADPKD), method of use, formulations, and dosage regimens. If granted, such patent applications would confer exclusivity protection to 2038. See "—Intellectual Property and License Agreements." Commercial exclusivity of lixivaptan for the treatment of ADPKD is expected through a combination of existing and additional patent filings, patent term extension, as available, and regulatory and data exclusivity provisions of various countries. Time periods for data exclusivity vary by region, with U.S. NCE exclusivity lasting for five years and the EU generally providing ten years of exclusivity. In addition, the FDA has granted orphan drug designation for lixivaptan for ADPKD. This designation is designed to provide eligibility for certain benefits and confers seven years of market exclusivity following receipt of regulatory approval.

Apcintex Limited

Introduction

ApcinteX Limited (ApcinteX) is focused on developing SerpinPC for the treatment of Hemophilia A (HA) and Hemophilia B (HB). Hemophilia is a rare bleeding disorder that is caused by a deficiency of thrombin generation upon vascular damage. SerpinPC, a biologic of the serpin family of proteins, is designed to allow more thrombin to be generated by inhibiting Activated Protein C (APC). ApcinteX's approach is to rebalance coagulation in hemophilia by decreasing a single anticoagulant force. SerpinPC has the potential to treat all types of hemophilia regardless of severity or inhibitor status, and may also prevent bleeding associated with other bleeding disorders. ApcinteX seeks to develop SerpinPC as a one-size-fits-all approach for the treatment of HA and HB.

ApcinteX founders, Professor James Huntington and Dr. Trevor Baglin, have been working together for over 20 years and are recognized scientific and clinical experts in blood coagulation. Professor Huntington serves as Professor of Molecular Haemostasis at the University of Cambridge and has devoted much of his professional career to unravelling the structure-function relationship of the serpin family and of thrombin formation and function, and has been recognized by the International Society of Thrombosis and Hemostasis with a life-time career award. Dr. Baglin has a deep clinical background in hemophilia, having served as a clinician in the U.K. National Health Service for 35 years, including as a Consultant Hematologist at Cambridge University Hospitals.

Disease Overview

HA and HB are X-linked genetic disorders affecting one in 5,000 and one in 20,000 live male births, respectively, resulting in spontaneous internal bleeding that can be life-threatening. More than 70% of bleeds occur into joints (hemarthrosis) causing chronic joint damage (arthropathy) with musculoskeletal destruction. The bleeding associated with these disorders is the result of a defect or deficiency in factor (f)VIII (in the case of HA) or fIX (in the case of HB), the two components of the intrinsic tenase complex.

Normal blood coagulation (hemostasis) is a crucial part of the physiological response to tissue damage. When blood components come into contact with extravascular cells and proteins, platelets accumulate and ultimately lead to the formation of thrombin, the effector enzyme of blood coagulation. Prothrombinase activity is required for the rapid, localized production of thrombin needed for adequate blood clotting. Prothrombinase is continuously degraded by APC, which is present in the circulation at low concentrations. In the setting of deficient intrinsic tenase activity (hemophilia), the natural anticoagulant activity of the circulating APC results in insufficient prothrombinase activity for normal blood clotting.

Hemophilia is characterized as severe, moderate and mild, corresponding to <1%, 1% to 5% and >5% factor activity, respectively. Bleeding often becomes noticeable after a child becomes mobile. Hemarthrosis manifests as swelling and pain in the joints, along with decreased range of motion, most commonly affecting the knees, ankles and elbows. Other common manifestations include bruising, which can be spontaneous or occur after minor trauma, gum bleeding and nose bleeds. Persons with severe hemophilia often suffer spontaneous joint bleeds between 20 and 50 times a year. Spontaneous bleeding is less frequent in persons with moderate hemophilia, but in many individuals this condition is still problematic because only two or three bleeds into a joint are sufficient to cause permanent joint damage, and because the frequency of bleeds does not warrant the treatment burden of regular intravenous (IV) prophylactic treatment with replacement factor.

Current Treatments and Market Opportunity

Estimates of the global prevalence of HA and HB vary between 400,000 and 450,000. The World Federation of Hemophilia identified 210,454 registered persons with hemophilia in its 2018 annual report. In the U.S., there are approximately 17,000 persons with hemophilia. Estimates of the prevalence of hemophilia in China is approximately 18,000. In India, approximately 20,000 persons are known to have hemophilia, but it is thought that 80% of cases are unknown. There are similarly large populations of persons with hemophilia in South America.

The global market for hemophilia is currently over $11 billion. Only 20% of persons with hemophilia globally are believed to have access to adequate therapy.

The standard treatment for hemophilia consists of replacing the missing or defective fVIII or fIX by intravenous infusion of partially purified plasma-derived or recombinant fVIII or fIX protein, known as factor concentrate. Factor concentrate is administered either when bleeding occurs, known as on-demand therapy, or regularly to prevent bleeding, known as prophylaxis. Prophylaxis with standard factor concentrates requires intravenous infusion every second or third day in order to reduce annualized bleeding rates (ABR) to single figures. Less frequent intravenous infusion is required with recently approved extended half-life products. Emicizumab (marketed as Hemlibra by Roche) is a synthetic fVIII mimetic replacement therapy that is changing the treatment paradigm in HA. Emicizumab's main benefit is as a substitute for factor VIII in persons with HA with fVIII inhibitors (high-titer antibodies against fVIII), and as an infrequent subcutaneously administered prophylactic in HA without inhibitors. Emicizumab has no activity in HB.

Because the replacement factor is effectively a foreign protein treatment, it is often associated with the formation of inhibitory antibodies which requires the use of a different class of therapeutics called bypass agents. Bypass agents increase thrombin generation through mechanisms independent of the intrinsic tenase complex. The most commonly used bypass agents are recombinant fVIIa and FEIBA. However, the use of these agents is limited by their short half-lives and result in variable responses in patients. They are also less effective than replacement therapy before inhibitors were developed and are rarely used prophylactically.

Despite advances in hemophilia treatment, there remains a considerable unmet need in both HA and HB:

- The majority of persons with hemophilia have no or limited access to prophylactic treatment to prevent bleeding;
- Factor concentrate therapies require intravenous administration making prophylaxis challenging;
- Up to 30% of persons with HA and 3% of persons with HB develop inhibitory antibodies to factor concentrates, which limits effectiveness of treatment with factor concentrates; and
- The non-factor replacement therapies, both approved and in development, are associated with the risk of thrombosis.

Our Product Candidate SerpinPC

The protein C (PC) pathway is essential for regulating thrombin generation to avoid excessive blood coagulation. Severe PC deficiency (<5% of normal protein levels) results in widespread thrombosis, called purpura fulminans. PC is the precursor of APC, and is converted to APC when excess thrombin is generated. APC destroys the prothrombinase and intrinsic tenase complexes by cleavage of fVa and fVIIIa, respectively. The fV Leiden gene mutation present in 3% of the caucasian population causes partial resistance of prothrombinase to APC, and is sufficient to reduce bleeding in persons with severe hemophilia who coinherit the relatively common fV Leiden mutation. This was the genetic human proof-of-concept supporting APC inhibition as a treatment for persons with hemophilia.

All approved agents for the treatment of hemophilia improve thrombin generation by bolstering the levels of procoagulant factors. An alternative approach is to reduce the efficiency of natural anticoagulant mechanisms. These include inhibition of Tissue Factor Pathway Inhibitor (TFPI) with antibodies such as concizumab, and knocking down antithrombin levels with an RNA interference (fitusiran), both of which are in clinical development. In addition to these approaches, gene therapies for HA and HB are being developed by various sponsors including BioMarin, Pfizer/Spark and Freeline. Although gene therapies could be a significant development for patients, they face uncertainty regarding safety, durability and cost and are specific to either HA and HB.

We believe that the PC system is particularly attractive because partial APC resistance conferred by coinheritance of fV Leiden provides an early proof-of-concept in humans. The mode of action (MOA) of SerpinPC is to reduce levels of circulating APC, thereby prolonging activity of prothrombinase formed during the initiation stage of hemostasis and directly increasing the amount of thrombin generated at the site of tissue damage.

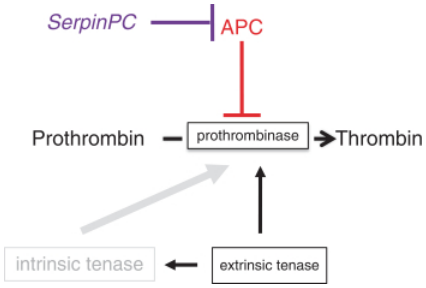


Figure 13: Schematic of the MOA for SerpinPC.

As depicted in Figure 13, thrombin is the effector enzyme in blood coagulation, and is produced by an enzyme complex known as prothrombinase, composed of fXa and fVa. At the initiation stage of blood coagulation, the fXa is produced by the extrinsic tenase complex while the fVa comes from platelets. This ‘early prothrombinase’ formation is preserved in hemophilia. However, early prothrombinase is inactivated by APC in the blood, so insufficient thrombin is produced to form a stable hemostatic clot, resulting in continued bleeding, unless more prothrombinase can be formed with the help of the intrinsic tenase complex. The two components of the intrinsic tenase complex are missing in HA and HB. SerpinPC treatment is designed to reduce the levels of APC so that the early prothrombinase has time to produce enough thrombin to form a stable hemostatic clot, thereby

preventing excessive blood loss. This expected MOA has a finite and maximal effect when all circulating APC is inhibited by SerpinPC.

SerpinPC is a variant of the serpin alpha-1-antitrypsin, modified to be a specific inhibitor of APC. We were able to convert A1AT into a specific inhibitor of APC by mutating 3 residues in the reactive center loop of the molecule. The serpin mechanism traps the protease during cleavage of the reactive center loop as a covalent complex, and therefore has an absolute requirement that the protease is active, i.e. not the inactive zymogen. For this reason, SerpinPC is designed to have complete specificity for APC over PC, and therefore is not expected to deplete the circulating concentration of PC. Consequently, when conditions favor APC generation (i.e. excessive thrombin generation) PC is available for conversion to APC to effect its anti-inflammatory and anti-thrombotic functions. Because SerpinPC is a relatively slow inhibitor of APC (second-order rate constant of 15,000 $M^{-1}s^{-1}$) it does not rapidly neutralize newly formed APC, preserving these functions at clinically-relevant doses. At the Cmax for the highest clinical dose, it takes 10 minutes to inhibit half of the newly formed APC, sufficient time to effect its signalling and antithrombic functions. However, the covalent nature of the inhibitory mechanism enables low concentrations of SerpinPC in the blood to ‘mop up’ APC with time. In preclinical studies, it was demonstrated that normalization of bleeding in hemophilia mouse models required the lowering of the circulating APC levels and was not related to the SerpinPC exposure at the time of challenge. SerpinPC has favorable subcutaneous bioavailability, tolerability profile and PK potentially suitable for monthly dosing.

SerpinPC is designed as a long-acting non-replacement therapy intended to be administered as an infrequent injection under the skin that ‘rebalances’ blood coagulation without the need for factor replacement. As a result, we believe SerpinPC could be an attractive alternative therapy for many patients, if approved. Other rebalancing approaches have been plagued by incidences of venous and arterial thrombosis. We believe that the expected MOA of SerpinPC renders this an unlikely risk, since the secondary APC pathways (signaling and anti-thrombotic) remain intact at clinical doses. We believe that the observed lack of D-dimer elevation in healthy volunteers and persons with hemophilia support this profile.

The vialed drug product is presented as a sterile lyophilized powder intended for intravenous infusion or subcutaneous injection following reconstitution with water. Stability studies have shown the drug product to be stable at temperatures up to 40°C, allowing for ease of shipment and storage.

The product vision of SerpinPC is a one-size-fits-all treatment for hemophilia and potentially other bleeding disorders. The differentiated MOA of SerpinPC is designed to enable an advantage over other rebalancing approaches under development, including fitusuran and concizumab. The hemophilia community, including persons with hemophilia, their physicians and caregivers, is risk averse given the devastation caused by HIV and hepatitis C transmission with plasma derived products. We believe that the trade-off of increased convenience or improved efficacy should not come at the cost of increased risk of serious adverse events such as thrombosis.

Clinical Data

ApcinteX is currently conducting AP-0101, an ongoing Phase 2a open-label clinical trial to investigate the safety, tolerability and pharmacokinetics of intravenous and subcutaneous doses of SerpinPC in healthy male volunteers and male persons with severe hemophilia. Reduction in bleeding is an exploratory outcome.

The Phase 1 portion of this study was conducted in two parts, with Part 1a in healthy volunteers in a clinical trial unit in the U.K. In this part, four cohorts of healthy subjects received increasing doses of SerpinPC by IV infusion and one by subcutaneous injection. Phase 1b was conducted in established clinical trial units embedded in university hospitals in Moldova and Georgia with access to the target patient population of persons with hemophilia receiving only on-demand factor concentrates. The SAD study switched to persons with hemophilia at a dose at which biological effects might be expected, 0.1mg/kg to 1.2mg/kg by subcutaneous injection in four cohorts of three subjects each.

All doses in Part 1 were well-tolerated without incident or SerpinPC-related adverse events, including injection site reactions. Administration of SerpinPC did not lead to increases in D-dimer, TNF or IL-6 at any dose.

All patients in Part 1b had severe hemophilia and received factor concentrate on demand before and during the study. All patients had target joints (range 1 to 4, median 2.5). Annualized Bleeding Rates (ABR) were calculated for each subject from prospective observation prior to exposure to SerpinPC. The median ABR was 35 (range 26 to 41). In the eight weeks following a single subcutaneous injection of SerpinPC there was a 55% reduction in all bleeding and a 72% reduction in spontaneous joint and muscle bleeding. Five subjects experienced zero spontaneous bleeds for two months after receiving their single dose. A dose response was not detected, as expected from the MOA of SerpinPC. In total 97 bleeds occurred in the pre-exposure observation period and 29 in the 8 weeks following exposure. All 29 bleeds following SerpinPC administration were treated with factor concentrate on-demand as per standard of care without incident and without elevation in D-dimer levels. No anti-drug antibodies (ADAs) were detected in Part 1.

All subjects who participated in Part 1b chose to enroll in Part 2, a six-month Phase 2a study of monthly subcutaneous dosing of SerpinPC at three dose levels. In total, 23 subjects enrolled in Part 2. One subject was discontinued because of an injection site reaction. No other SerpinPC-related AEs have been recorded. No ADAs have been observed. Part 2 is ongoing and is expected to be completed in early-to-mid 2021. Subjects who successfully complete Part 2 will be offered participation in Part 3, a 12-month extension study at a flat monthly dose. The effect of prophylactic treatment on ABR in hemophilia is known to take months to years to fully manifest in subjects previously on on-demand treatment.

The observed PK of SerpinPC was expected, which we believe supports a monthly dosing interval.

Preclinical Data

In preclinical studies, SerpinPC was associated with the complete correction of the hemophilia phenotype in multiple bleeding models:

- Pre-treatment of HB mice with SerpinPC rescued fibrin and platelet deposition at the site of laser damage to a blood vessel in intravital microscopy experiments and normalized blood loss to that of wild-type mice after tail amputation;
- Pre-treatment of HA mice with SerpinPC before tail-transection resulted in a dose-dependent decrease in blood loss, plateauing at wild-type mouse levels;
- Extending the interval between treatment with SerpinPC and tail transection resulted in reduced bleeding at very low doses (Figure 14);
- Subcutaneous dosing of SerpinPC in HA mice prevented death from internal bleeding (Figure 15); and
- Treatment of HA mice with SerpinPC after tail transection reduced blood loss, indicating that SerpinPC has the potential to treat an active bleed.

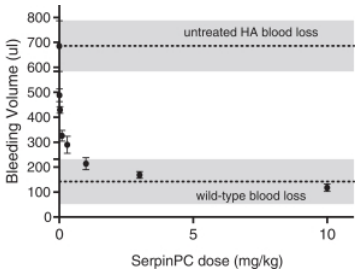


Figure 14: Pre-treatment with SerpinPC 12 hours before tail transection reduced blood loss in HA mice in a dose-dependent manner.

SerpinPC was dosed from 0.01 to 10 mg/kg by half-logs, and tails were transected 12 hours later. The half-life of SerpinPC in the mouse is approximately 10 hours. All doses reduced blood loss, plateauing at wild-type (WT) mouse levels at around 1mg/kg. Average volumes in vehicle-treated WT and HA mice are denoted by the dashed lines and the standard deviation is shaded in grey. The plasma concentration of SerpinPC at 12 hours for the 0.01 mg/kg dose was 3.2 ng/ml, or 64 pM. Assuming pseudo first-order kinetics and a rate constant of inhibition of full-length mouse APC of 6,000 $M^{-1}s^{-1}$, the $t_{1/2}$ of inhibition of APC would be about three weeks. Yet the dose of 0.01 mg/kg resulted in a statistically significant 30% decrease in bleeding volume. The activity observed in this model is therefore unlikely to be related to SerpinPC exposure at the time of challenge, rather the reduction in APC levels achieved.

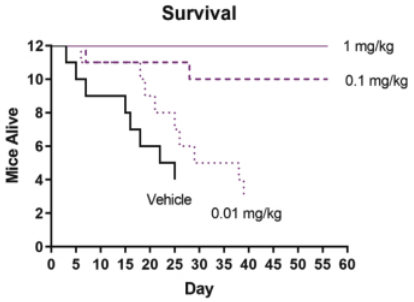


Figure 15: SerpinPC administered subcutaneously every other day prevented death from spontaneous internal bleeding in HA mice.

Hemophilia mice are susceptible to spontaneous bleeding and subsequently have much shorter lifespans than WT mice of the same strain. Cause of death is invariably internal bleeding, although the sites of bleedings are not always the same. HA mice were therefore used to evaluate SerpinPC as a prophylactic agent by simply monitoring the well-being of untreated and treated mice and plotting a Kaplan-Meier survival curve. Due to the stochastic nature of spontaneous bleeding, 12 age-matched mice (16–21 weeks) were used per group. Treatment was either vehicle (PBS), 0.01 mg/kg, 0.1 mg/kg or 1 mg/kg SerpinPC by subcutaneous injection three times per week for a total of 56 days. Mice treated with vehicle died rapidly, with half found dead or moribund (the humane endpoint) by Day 18. The vehicle treatment group was terminated on day 25. The SerpinPC 0.01 mg/kg treatment group reached the humane endpoint by Day 40. In contrast, only 2 of 12 mice died in the 0.1 mg/kg treatment group, and all receiving 1 mg/kg survived to the end of the study. This study demonstrates that SerpinPC is a potential prophylactic, preventing spontaneous internal bleeding associated with HA.

The anticipated therapeutic use of SerpinPC is as a once-monthly subcutaneous prophylactic to prevent bleeding associated with hemophilia. The preclinical model that best reflects this use is the spontaneous bleeding model in HA mice. A dose of 0.1 mg/kg (trough exposure of 40 ng/ml) was able to reduce bleeding in this model. Scaling by the difference in potency of SerpinPC for mouse and human APC (2.6-fold), we can conclude that SerpinPC levels should be maintained above 15 ng/ml to achieve a similar activity in humans.

To evaluate the potential of SerpinPC in treating established bleeding events, ApcinteX modified the tail clip method so that SerpinPC or a control hemostatic agent is administered via jugular cannula one minute after the challenge. Since the expected MOA of SerpinPC is inhibition of circulating APC, it is anticipated that, in the context of treating an active bleed, higher doses would be required to accelerate inhibition (pseudo first-order

kinetics apply). In this model, SerpinPC at 1 mg/kg demonstrated comparable activity in stopping bleeding as 100 U/kg human fVIII or 270 µg/kg NovoSeven (recombinant fVIIa).

In preclinical studies, SerpinPC was tested for safety, and the following observations were collected:

- SerpinPC was well tolerated when given daily to WT mice for 7 days at 100mg/kg with no evidence of thrombosis;
- SerpinPC was found to have subcutaneous tolerability in a minipig at 30mg/kg and in a rat at 150mg/kg;
- SerpinPC was not pro-inflammatory in WT mice challenged with sublethal levels of lipopolysaccharide;
- SerpinPC has low immunogenicity risk;
- SerpinPC was free of toxicological findings in a rat 28-day GLP study at doses up to 30mg/kg/week and was not associated with elevations in D-dimer; and
- SerpinPC was free of toxicological findings in a cynomolgus monkey 6-month GLP study at doses up to 10mg/kg/week and was not associated with elevations in D-dimer.

Development Plan

ApcinteX intends to commence a 48-week Open Label Extension study in early-to-mid 2021. Analysis of ApcinteX's ongoing 24-week Phase 2a multiple repeat dose study is expected to be available in mid-to-late 2021. Our intention is to develop a data package over the next two years to position SerpinPC as the next transformative therapy in hemophilia. With this in mind we expect to have the results from the first 6 month repeat dose study mid-to-late 2021. Following such results, we expect to have the results of the 12 month open label study in mid-to-late 2022. After completion of Part 2 of the ongoing AP-0101 clinical trial, ApcinteX intends to seek regulatory advice on subsequent trials.

Product Exclusivity

We currently benefit from exclusivity of SerpinPC through a variety of means, including patent protection and through the exclusive license of rights under our agreement with the University of Cambridge. See "—Intellectual Property and License Agreements." In addition, we intend to apply for orphan drug designation for SerpinPC with the EMA and may apply for Breakthrough Therapy Designation with the FDA.

Pega-One

Introduction

PEGA1 SAS (Pega-One) was created to identify and develop oncology medicines in areas of high unmet need. The first asset of Pega-One is imgatuzumab (GA201), an anti-EGFR tumor-targeting monoclonal antibody (mAb) with enhanced antibody-dependent cellular cytotoxicity (ADCC) and antibody-dependent cellular phagocytosis (ADCP) properties licensed from Roche. Pega-One is initially developing imgatuzumab as an investigational agent for the treatment of cutaneous squamous cell carcinoma (CSCC). Pega-One is also exploring imgatuzamab's potential in combination with either immunotherapy or small molecules across multiple oncology indications.

We believe that the Pega-One management team is strongly positioned to advance imgatuzumab through development. Clinical development efforts at Pega-One are led by Steffen Heeger, M.D., Ph.D., our Chief Medical Officer who has over 20 years of clinical and industry experience, including clinical development of targeted cancer therapies. Throughout his career, Dr. Heeger led clinical development programs predominantly in areas of hematological malignancies and in solid tumors with antibody-based, targeted oncology drugs. His work was instrumental for the development of the blockbuster drug Erbitux, the first monoclonal therapeutic antibody targeting EGFR, as well as other anti-cancer therapeutic antibodies targeting CD19 (Monjuvi), CD38 and PSMA.

Pega-One is advised by a group of experts with significant experience in academia, clinical research and the pharmaceutical industry, including Jean-Pierre Sommadossi, who brings 30 years of scientific, operational, strategic and management experience in the life sciences industry and who was Principal Founder of Idenix Pharmaceuticals as well as Co-Founder of Pharmasset. Pega-One's advisors also include Michèle Ollier, who is co-founder and Partner at Medicxi, as well as scientists from institute Gustave Roussey in Paris, such as Jean-Pierre Armand, who has over 30 years of experience in both academia and the pharmaceutical industry, and Aurélien Marabelle, Ph.D., M.D. who is a Senior Medical Oncologist in the Drug Development Department (DITEP), a group leader in Prof Laurence Zitvogel's lab (INSERM U1015) and the Clinical Director of the Cancer Immunotherapy Program at Gustave Roussy. Pega-One's efforts are also supported by a number of leading consultants in the biotech industry, including Pawel Chrom, M.D., Ph.D., who has over eight years of experience in both clinical and industry settings, and is supporting Pega-One as consulting Medical Director.

Disease Overview

Advances in the understanding of molecular cancer biology have focused on the epidermal growth factor receptor (EGFR) pathway for its role in regulating diverse networks of tumor growth in numerous epithelial malignancies such as colorectal cancer, (CRC), head and neck squamous cell carcinoma (HNSCC), carcinomas of the pancreas, lung, cervix, renal cell, prostate, bladder and breast. EGFR inhibitors are useful therapeutic strategies for the treatment of EGFR-expressing cancers. Anti-EGFR antibodies and EGFR small-molecule tyrosine kinase inhibitors have demonstrated activity in multiple epithelial tumor types. To date, EGFR targeting antibodies have been approved in three indications, CRC, non small cell lung cancer (NSCLC) and head and neck squamous cell carcinoma (HNSCC), and have been used off-label in various other tumors. An example of a high EGFR-expressing tumor is CSCC, in which EGFR expression is associated with poor clinical outcomes.

CSCC occurs when DNA damage from exposure to ultraviolet radiation or other damaging agents trigger abnormal changes in squamous cells. Higher UV exposure, and growth in aging populations and populations using immunosuppressive therapies, including organ transplant recipients, have led to a higher incidence of CSCC, which is the second most common skin cancer, accounting for approximately 20% to 30% of nonmelanoma skin cancers. More than one million individuals in the U.S. are diagnosed with CSCC annually. CSCC initially manifests itself as a non-healing ulcer with elevated margins or a pink nodule without overlying surface changes. At a localized stage, CSCC may be successfully treated with local therapies such as surgery or radiotherapy. However, if left untreated, CSCC leads to an advanced stage, which is characterized by a lack of curative approaches, highlighting the need for additional treatment options in this patient population. It is estimated that approximately 3% of CSCC patients progress to advanced disease. In 2018, CSCC accounted for approximately 10,000 new advanced stage patients in the U.S. and approximately 5,000 in Europe. The advanced CSCC patient population is projected to increase by 50% to approximately 15,000 in the U.S. and 22,500 globally by 2037. Given the low incidence of the condition, advanced stage CSCC is expected to qualify as an orphan designated disease in the U.S. and Europe.

Current Treatments and Market Opportunity

When diagnosed early, CSCC can be treated by surgical intervention or radiotherapy with a good overall prognosis or even cure. However, at advanced stages of the disease, limited therapeutic options have been available. Most recently, the anti-PD-1 immune checkpoint inhibitors (ICIs), cemiplimab (marketed as LIBTAYO®) and pembrolizumab (marketed as KEYTRUDA®) have been approved in this indication. In 2018, the FDA approved LIBTAYO® in metastatic or recurrent CSCC and the product enjoyed approximately $200 million in its first year of sales. Cetuximab (Erbitux) is included on National Comprehensive Cancer Network's (NCCN) treatment guidelines as a treatment option for advanced CSCC patients who are ineligible for anti-PD1 or who relapse after treatment. While cetuximab is not indicated for advanced CSCC, a published investigator led study demonstrated a 28% overall response rate when used as a front-line treatment. Despite a substantial response rate of 35-50% to ICIs, more than half of treated advanced CSCC patients do not respond, including 10% to 25% of refractory patients. Most initial responders relapse within one year. Approximately 10% of treated advanced CSCC patients

prematurely discontinue therapy due to unacceptable toxicity. Additionally, up to 25% of patients in the overall advanced CSCC population are not eligible for immunotherapy leaving a significant unmet need for additional treatment options for patients, including an effective, approved next-generation EGFR antibody. Beyond ICIs, few alternatives are available for patients with advanced CSCC. Cisplatin-based combinations have demonstrated modest activity with significant toxicity, and are often not well tolerated by elderly patients. Based on conversations with key opinion leaders in the U.S. and Europe, we estimate that imagatuzamab has the potential to address the needs of approximately 65% of advanced CSCC patients, including initial responders to ICIs who will relapse over time and eventually will require subsequent treatment. We estimate that the addressable opportunity for imagatuzamab in the PD-1-ineligible and second line advanced CSCC patient population in the U.S. and Europe is up to $1.0 billion per year.

Our Product Candidate

Imgatuzumab is a next-generation EGFR-targeting mAb with enhanced ADCC and ADCP properties. Imgatuzumab was originally developed by Glycart and licensed from Roche. The Glycart technology, which Roche had also utilized to engineer the approved product obinutuzumab (marketed as GAZYVA®), is based on defucosylation of the Fc region of the antibody inducing a higher affinity to Fc gamma receptors located on human natural killer (NK) cells, macrophages and monocytes. Consequently, imgatuzumab was observed to significantly enhance induction of effector cell-mediated ADCC and ADCP in cell-based assays. If successfully developed and approved, we believe imgatuzumab represents an opportunity to bring significant clinical and commercial value in an area of high unmet need.

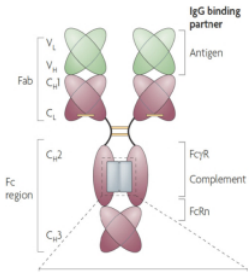


Figure 16: Antibody model with the two regions Fab (antigen binding site) and Fc (complement and effector cell binding).

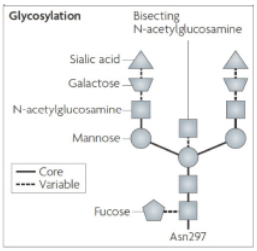


Figure 17: Zoom on the Fc region where imgatuzumab was glycoengineered to contain afucosylated Fc-region carbohydrates with approximately 70% afucosylated antibody chain. Glycoengineering with defucosylation induces a higher affinity for FcgR and superior ADCC.

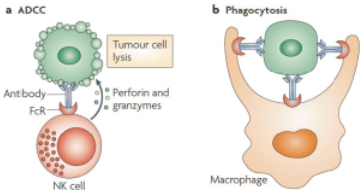


Figure 18: ADCC and ADCP of imgatuzumab. Tumor cell killing via involving the innate immune system, either NK cells in the case of ADCC or macrophages in the case of ADCP.

Roche began development of imgatuzumab, a novel, recombinant, humanized, and glycoengineered IgG1 mAb that can be considered as a “next-generation mAb” due to its strongly enhanced property to involve the intrinsic immune system as a next mechanism of action. With this Glycart technology, obinutuzumab (GAZYVA®, formerly called GA101) was engineered and clinically developed by Roche. Obinutuzumab has been approved by the FDA for the treatment of chronic lymphocytic leukemia and follicular lymphoma. Other examples of these next generation mAbs are margetuximab (anti-Her2; FDA approved for Her2 + breast cancer) and tafasitamab (FDA approved for diffuse large B-cell lymphoma).

Clinical Data

Roche conducted several clinical trials in the development of imgatuzumab. To date, 296 patients have been administered imgatuzumab within clinical trials sponsored by Roche, as summarized in the table below.

Roche Clinical Trial	Indication	Number of Patients treated with imgatuzumab
Phase 1/2 (Phase 1 part) BO 21495	Solid tumors	75
Phase 1/2 Phase 2 part) BO 21495	mCRC	*25*
Phase 1b/2 BP22349	NSCLC (SCC)	16
Phase 1b/2 BP22349	NSCLC (non-SCC)	55
Phase 2 (“GAIN-C” trial) BP25438	mCRC	84
Phase 2 BP22350	Head & Neck Cancer (neo-adjuvant)	41
Total		**296**

Figure 19: Summary of clinical trials of imgatuzumab conducted by Roche.

BO21495 study was an open-label, dose-escalation Phase 1/2 study in the EU of imgatuzumab in patients with advanced malignant EGFR positive solid tumors. In the Phase 1 portion of the study, 75 patients received imgatuzumab at a range of doses. The chosen dose for further evaluation in Phase 2 was 1,400 mg on day 1, and day 8, followed by 1,400 mg twice per week for subsequent infusions. When administered as monotherapy, imgatuzumab was well-tolerated with manageable AEs and showed promising antitumor activity in heavily pre-treated patients. In the Phase 2 part of the study, 25 patients were treated and the best overall response was stable disease occurring in 40% of patients at eight weeks, 24% at 16 weeks and 8% (two patients) at 32 weeks. The most frequent adverse events were rash (80%, Part 1; 100%, Part 2), infusion-related reactions (77%, Part 1, 84%, Part 2), asthenia (53%, Part 1; 76%, Part 2) and hypomagnesemia (35%, Part 1; 80%, Part 2) as already well-characterized from treatment experience with other monoclonal antibodies targeting EGFR. In Part I of Study BO21495, there were 24 serious adverse events (SAEs) affecting 19 patients. Of the 6 SAEs judged by the investigator to be treatment-related, four were infusion-related reactions (IRRs), one was erythema nodosum and one was a confusional state. All treatment-related SAEs resolved without sequelae following treatment or withdrawal except for erythema nodosum in one patient, which was ongoing at final contact. There was no apparent relationship between the occurrence of imgatuzumab-related SAEs and the dose or the schedule of study drug administered. In Part II of Study BO21495, one patient had ureteric stenosis which was reported as a SAE, but was not considered by the investigator to be related to imgatuzumab treatment. Extensive PK analyses have been performed leading to a selected dose for subsequent development of 1,400 mg imgatuzumab on days 1 and 8 followed by 1,400 mg every two weeks.

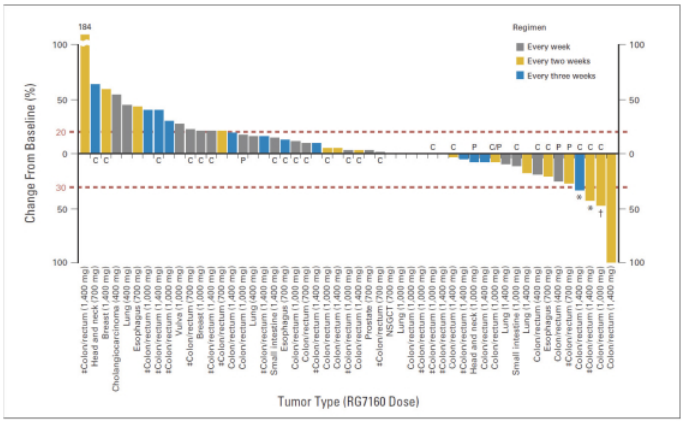


Figure 20: Waterfall Plot (Study BO21495): Imgatuzumab monotherapy using different doses during the Phase 1 dose escalation trial (Paz-Ares et al, JCO 2011) and change in tumor size from baseline. *‡: Patients with colon/rectum cancer with mutant KRAS; C: prior cetuximab; P: prior panitumumab; C/P: prior cetuximab and panitumumab.*

A marked reduction in circulating NK cells and increased infiltration of immune effector cells causing skin rash were observed in those trials. As NK cells are key effector cells of ADCC, the reduction in blood circulation demonstrates their involvement in anti-tumor activity when treated with imgatuzumab. In addition, increased infiltration in areas of the skin where the target is highly expressed show that NK and other immune cells are directed to the area where imgatuzumab binds to the target. We believe that these findings further support preclinical data of what we believe is the second mechanism of action of imgatuzumab.

BP22349 was a randomized, multicenter, open-label Phase 1b/2 study in the EU of imgatuzumab in combination with cisplatin and gemcitabine/pemetrexed versus cisplatin and gemcitabine/pemetrexed in patients with advanced or recurrent NSCLC who have not received prior chemotherapy. Sixteen patients with squamous NSCLC and 14 patients with non-squamous NSCLC were dosed with imgatuzumab in the Phase 1b portion of the study. Sixty-two patients with non-squamous NSCLC were enrolled in the Phase 2 portion of the study, including 41 receiving imgatuzumab. Median progression-free survival was similar in the two groups: 5.4 months in imgatuzumab plus chemotherapy group versus 6.0 months in chemotherapy group. The proportion of patients with AEs was comparable between randomized arms. Rash and hypomagnesemia were common in patients treated with imgatuzumab. Rash related to EGFR inhibition was observed in 62.5% of subjects with squamous NSCLC and in 100% of subjects with non-squamous NSCLC (Phase 1b), and in 85.4% of subjects with non-squamous NSCLC in Phase 2. New or worsening hypomagnesemia occurred in 56.3% of subjects with squamous NSCLC arm and 85.7% of subjects with non-squamous NSCLC (Phase 1b), and in 78.0% of subjects with non-squamous NSCLC in Phase 2. At the time of the data cut-off for the end of Phase 1b analysis and Phase 2 analysis of Study BP22349 for patients with NSCLC of non-squamous histology, 24 SAEs affecting a total of 16 patients had been reported, all of which had resolved. Apart from IRRs and pulmonary embolism (two patients each), all of the SAEs were single events affecting a range of SOCs.

For patients with NSCLC of squamous histology, there were 10 SAEs affecting 8 of the 16 patients who had been enrolled at that time. Of the SAEs considered treatment-related, there were two grade 3 IRRs, grade 4 thrombocytopenia (a dose-limiting toxicity) for which imgatuzumab was withdrawn, grade 4 hypokalemia, and grade 4 neutropenia and grade 4 cerebral infarction in a single patient.

BP22350 was an exploratory, open-label, multicenter Phase 2 study in the EU to investigate the pharmacodynamics of imgatuzumab and cetuximab in patients with operable head and neck squamous cell carcinoma. Forty-one patients received two doses of imgatuzumab at dose levels of 700 mg or 1,400 mg and 18 patients received cetuximab (standard dose). Decreases in median SUVmax (around 30%) were observed for all treatments with a trend towards a more pronounced decrease with imgatuzumab. One imgatuzumab patient in the 700 mg cohort achieved pathological complete response. An immediate and sustained decrease in peripheral NK cells was consistently observed with the first imgatuzumab infusion but not with cetuximab. A pronounced increase in circulating cytokines was seen following the first infusion of imgatuzumab but not cetuximab. Tumor-infiltrating CD3+ cell counts increased following treatment with both antibodies. Downregulation of EGFR was greatest with the 1,400 mg imgatuzumab group. Imgatuzumab was well-tolerated, with the most frequent adverse events in imgatuzumab arms being infusion-related reactions, folliculitis and rash observed in approximately 66%, 37% and 29% of subjects, respectively. There were 12 treatment-emergent SAEs in patients receiving imgatuzumab, 6 each in each dose group. Three SAEs, all occurring in the imgatuzumab 1400 mg arm, were reported as related to imgatuzumab (grade 3 IRR, grade 2 skin necrosis, and grade 3 skin flap necrosis) and all resolved with treatment.

BP25438 was a randomized, multicenter, open-label Phase 2 study, in the U.S. and EU, of imgatuzumab in combination with FOLFIRI, a combination of chemotherapeutic agents, versus FOLFIRI plus cetuximab or FOLFIRI alone as second line treatment in patients with KRAS wild-type or mutant metastatic CRC. A total of 169 patients were enrolled into the study: 82 patients in KRAS wild-type cohorts (41 with imgatuzumab plus FOLFIRI arm, and 41 with cetuximab plus FOLFIRI arm), and 87 patients in KRAS mutant cohorts (44 with imgatuzumab plus FOLFIRI arm, and 43 with FOLFIRI only cohort). The median progression-free survival was longer in patients treated with imgatuzumab plus FOLFIRI than in patients treated with cetuximab plus FOLFIRI in KRAS wild-type cohorts (7.3 months versus 6.1 months). The median progression-free survival was also longer in patients treated with imgatuzumab plus FOLFIRI than in patients treated with FOLFIRI alone in KRAS mutant cohorts (5.2 months versus 4.3 months). Imgatuzumab was well-tolerated, and rash and hypomagnesemia were common adverse events in patients treated with imgatuzumab observed in approximately 95.0% and 87.5% of subjects in KRAS wild-type cohort and in 90.9% and 70.5% of subjects in KRAS mutant cohort.

While Roche's clinical trial data of imgatuzumab demonstrated initial signals of anti-tumor activity, none were designed or powered to show superiority of imgatuzumab, as these trials enrolled relatively low numbers of patients. In addition, we believe that progression-free survival as the primary endpoint for an immunostimulatory compound may be not appropriate, as was observed in the later development of PD-1 and PD-L1 antibodies. Moreover, the combination with a strong cytotoxic doublet such as FOLFIRI, which potentially impacts the intrinsic immune system, may not yield the optimal results when used in combination with imgatuzumab, applying current knowledge of the immune system in cancer patients after extensive clinical research especially with IO compounds. As a result, in future clinical development of imgatuzumab, Pega-One intends to focus on either single agent where applicable or in a broader tumor spectrum on the combination with IO compounds or small molecules such as MEK inhibitors or novel next generation agents.

Preclinical Data

Roche conducted several preclinical studies in the development of imgatuzumab. By binding to EGFR, imgatuzumab inhibits signaling pathways that influence proliferation, survival and apoptosis in a similar manner to other anti-EGFR monoclonal antibodies. Importantly, imgatuzumab binds to a different domain of the EGF receptor compared to other currently available antibodies, such as cetuximab, as depicted in Figure 21.

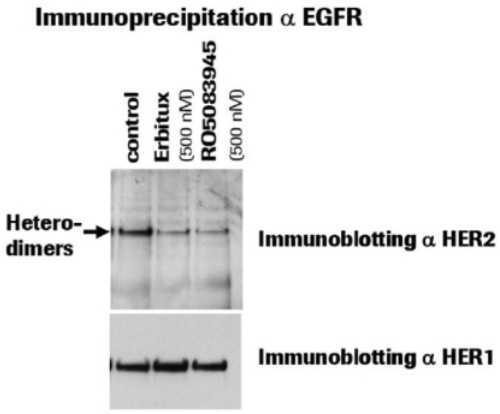


Figure 21: Inhibition of EGFR/HER2 Dimerization by Imgatuzumab (RO5083945).

In *in vitro* and *in vivo* models, the glycoengineering and the enhancement of ADCC and ADCP properties was observed to resulted in superior activity of imgatuzumab administration compared to cetuximab.

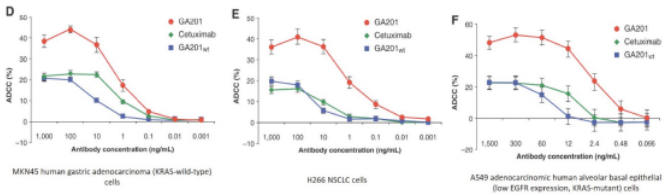


Figure 22: Activity of imgatuzumab (GA201) compared to cetuximab in *in vitro* an *in vivo* models.

Development Plan

Pega-One is currently developing imgatuzumab as a monotherapy for advanced CSCC patients not amenable or refractory/relapsing to an anti-PD-1 directed therapy. Pega-One has not administered imgatuzumab to humans or

conducted any clinical work to date. Pega-One expects to meet with the FDA in mid-2021 and to advance imgatuzumab into its own clinical trial by the end of 2021, pending such discussions. Pega-One's work on imgatuzumab has largely been in CMC and manufacturing to prepare materials for clinical trials, support bio-equivalence and prepare for the planned FDA meeting. Pega-One plans to initiate an open label, single arm, Phase 2 trial of imgatuzumab in advanced CSCC. In addition to developing imgatuzumab as a monotherapy, Pega-One is also exploring its potential in multiple combinations with either immunotherapy, such as PD-1 inhibitor compounds, or small molecule targeted therapies in multiple indications.

Product Exclusivity

Pega-One benefits from exclusivity through the Roche patent estate developed around imgatuzumab and Glycart technology. Pega-One plans to utilize new preclinical, clinical and combination proprietary data to expand its product-specific patent estate. Additionally, U.S. biologics manufacturers are eligible to receive 12 years of regulatory exclusivity after approval in the U.S. under the Biologics Price Competition and Innovation Act of 2009 while EU exclusivity allows for 10 years of data exclusivity, with an additional year for a new indication that has a significant added clinical benefit.

Z Factor Limited

Introduction

Z Factor Limited (Z Factor) was spun out of the Huntington Lab at the University of Cambridge after decades of research into the function and dysfunction of Alpha-1-antitrypsin (A1AT) and other serpins. Professor Huntington serves as Professor of Molecular Haemostasis at the University of Cambridge and has devoted much of his professional career to unravelling the structural basis of function and dysfunction of the serpin family. In 2011 he and his academic group solved the crystal structure of a polymer of Z-A1AT that revealed a C-terminal domain swap intermolecular linkage, and a feature near the site of the Z mutation responsible for retarding the final folding step, named the 'Z-Pocket'. Z Factor was formed based on the hypothesis that molecules that could bind into a version of the Z-Pocket found in the last folding intermediate, the one stalled by the Z mutation, would accelerate the final folding step to the native state, thus rescuing folding and secretion. This crystal structure was licensed into Z Factor in 2015 and remains its exclusive know-how.

Based on the proprietary crystal structure of Z-A1AT, *in silico* screening was conducted to find compounds that bind to the Z-Pocket. 414 *in silico* hits were tested for improved secretion of human Z-A1AT from transfected cells. From that screen, 117 of the 414 *in silico* hits (28%) were positive in this *in vitro* assay at 300 nM, suggesting an enrichment over a random compound screen. The large number of active chemical entities allowed Z Factor to prioritize molecules believed to possess excellent drug properties, including safety. ZF874, the clinical lead that Z Factor is advancing in clinical development as a disease-modifying treatment for AATD caused by the common Z-mutation, is the result of medicinal chemistry conducted on a lead compound identified from the *in silico* screen, guided by structure-activity relationship principles (*in vitro* activity, absorption, distribution, metabolism and excretion (ADME), and oral PK properties, safety indicators and *in vivo* activity).

Z Factor's proprietary structural insight into the misfolding of Z-A1AT allows our team to continue exploring the potential of compounds across multiple chemical families. For example, in addition to the clinical lead of ZF874, Z Factor is advancing ZF887, a small molecule chemical chaperone folding corrector of Z-A1AT, that originates from a different chemical family than that of ZF874.

Disease Overview

A1AT, also known as alpha-1-proteinase inhibitor and SerpinA1, is a protease inhibitor belonging to the serpin family. It is produced in the liver and circulates in its native state in human blood at approximately 1.5 g/L. Its main role is to protect tissue from proteases released by neutrophils, such as human neutrophil elastase, cathepsin G and proteinase 3. A1AT inhibits proteases utilizing the well-characterized 'mousetrap' mechanism of protease inhibition.

AATD is an autosomal recessive disorder most frequently caused by missense mutations in the A1AT gene that lead to misfolding, and therefore reduced secretion of native A1AT into the circulation. Over 100 mutations have been described that lead to deficiency of A1AT, the most common of which is the 'Z' mutation, with 1 in 25 individuals of European descent carriers (PiMZ), and 1 in 1,800 homozygous. Individuals homozygous for the Z mutation (PiZZ) have A1AT levels 10–15% of normal and account for 95% of the known cases of AATD. The small fraction of Z-A1AT that is secreted is in the native conformation, has a half-life in blood indistinguishable from the wild-type protein (M-A1AT) and is functional as a protease inhibitor, with similar inhibitory activity against the target proteases. However, the low plasma concentration is insufficient to protect the lungs from proteolytic degradation. PiZZ individuals who smoke develop chronic obstructive pulmonary disease (COPD) as early adults, and non-smokers are also at high risk for developing COPD in their thirties and forties. The penetrance of COPD in the PiZZ population is estimated to be 80%, with 50–72% eventually dying of respiratory failure. Carriers of the Z variant are also at increased risk of COPD, with an odds ratio (OR) of 5 for never smokers and 11 for smokers.

AATD can also manifest as liver disease. 10% of PiZZ newborns develop cholestatic hepatitis, a quarter of whom will suffer acute liver failure and require an emergency transplant. The liver manifestation of AATD is bimodal, with about half of PiZZ individuals exhibiting some liver function abnormality in infancy that usually resolves, followed by increased risk of cirrhosis and hepatocellular carcinoma from mid-life. Approximately one-third of PiZZ carriers have cirrhosis at the time of death, and about 10% of the PiZZ population die of liver failure. The OR for developing liver cancer is 20 for the PiZZ population. The liver disease manifestations of AATD are only found associated with the presence of the Z mutation, and are considered to be a 'gain-of-function' disorder, in contrast to COPD which is simply caused by the lack of circulating anti-protease activity. This has been explained by the accumulation of 'polymers' of Z-A1AT in the ER of hepatocytes, although why this is toxic to the liver remains unclear.

A two-fold improvement in Z-A1AT secretion is likely to provide clinical benefit (from about 15% to 30% of normal levels), since 0.55 g/L (11 µM) is considered the threshold for protection from lung disease. Because 95% of clinical cases of AATD are caused by homozygosity for the Z mutation and only the Z mutation is associated with liver disease, understanding the molecular basis of misfolding caused by the Z mutation alone would provide scope for meaningful therapeutic intervention.

Current Treatments and Market Opportunity

There is currently no approved effective therapy to counter either the lung or liver disease manifestations of AATD. Augmentation therapy consisting of weekly IV infusions of plasma-derived A1AT is available in some countries for patients with established COPD, based on increased A1AT levels above the 11 µM threshold. The National Institute for Health and Care Excellence does not recommend its use in the United Kingdom due to unclear clinical benefit and a cost of £100,000 per patient year. It is not approved anywhere as a prophylactic to prevent development of COPD in PiZZ individuals. Lung and/or liver transplantation are the only other available treatment options, besides the normal management of the disease manifestations of AATD.

Although classified as a rare disease, AATD is one of the most common rare diseases, with incidence similar to cystic fibrosis. AATD remains highly underdiagnosed, but it is estimated that there are 200,000 PiZZ individuals worldwide. PiSZ individuals (S denotes a milder deficiency mutation) are also at increased risk of COPD, and there are estimated to be 1.2 million individuals worldwide. Market expansion into PiMZ, of which there are an estimated 42.4 million individuals, is possible in the large subset of the general COPD and NASH populations, where the PiMZ genotype is highly over-represented.

Our Product Candidate

Z Factor is developing ZF874 as a disease-modifying treatment candidate for AATD caused by the common Z mutation. ZF874, has a low molecular weight, high aqueous solubility, high oral availability, low plasma

protein binding, PK properties suitable for daily oral dosing, and is renally excreted. ZF874 acts catalytically, with no observable binding to native Z-A1AT. ZF874 can be synthesized efficiently at kilogram scale, and has excellent stability.

Clinical Data

Z Factor is currently conducting a double-blind, randomized, placebo controlled Phase 1 study (designated ZF-0101), comprised of a SAD in healthy volunteers (Part A) and a 28-day repeat dosing study in PiXZ subjects (Part B). ZF874 is formulated as powder in bottle, and all doses are administered as drinks. The most recent interim analysis was performed in September 2020.

- Six cohorts of healthy volunteers successfully dosed up to 50mg/kg fasted.
- All doses well-tolerated, except for a transient apparent Cmax effect at 50mg/kg in the fasted state, similar to what was observed in the dog at doses above 100mg/kg.
- 50mg/kg was well-tolerated when given as 25mg/kg *bid* (12 hour interval).
- PK is consistent with expectations, with excellent oral availability and a ~4 hour half-life.
- Possible food effects were observed and continue to be investigated.
- Potential food effect being investigated in Cohort 7.
- Exposure in humans is 7-times greater than in mice, so a dose ~7mg/kg/day in humans is expected to have a similar effect to the dose of 50mg/kg/day in the PiZ mouse on plasma levels of Z-A1AT and liver burden.
- Up to 14 subjects with at least one Z allele (PiXZ) are being recruited for Part B (2 placebos).

Safety, tolerability and PK are primary endpoints. Increase in serum Z-A1AT levels is an exploratory outcome. Levels will be assessed frequently during dosing, and every 7 days for the 28 days after the final dose. Levels are unlikely to have plateaued by day 29, as with the PiZ mice.

Preclinical Data

To date, we believe that our preclinical data suggests that:

- ZF874 is a potent and specific folding corrector for Z-A1AT, improving secretion from transfected cells;
- ZF874 does not bind to native Z-A1AT;
- ZF874 increases blood plasma levels of human Z-A1AT in the transgenic PiZ mouse model in an exposure and time-dependent manner;
- Z-A1AT purified from the blood of PiZ mice after ZF874 treatment is as active as a protease inhibitor;
- ZF874 dosing for 3 months results in sustained elevations in plasma serum Z-A1AT levels, reduction in liver accumulation and correction of liver pathology in the PiZ mouse;
- ZF874 is generally well-tolerated at high acute doses in several animal species; and
- ZF874 has a clean toxicology profile in 28-day GLP studies in rat and dog.

Secretion of Z-A1AT into the cell culture media from human embryonic kidney (HEK) cells expressing human Z-A1AT in the presence of ZF874 was measured using an enzyme-linked immunosorbent assay (ELISA) for human A1AT. ZF874 increased the secretion of Z-A1AT in a dose-dependent manner, with an EC_{50} value of ~50 nM. Suberoylanilide hydroxamic acid (SAHA, a histone deacetylase inhibitor) was used as a positive control, improving secretion through a general increase in transcription. By this mechanism SAHA also increased

secretion of M- and Siiyama (a polymerigenic mutation remote from the Z mutation) A1AT. However, the effect of ZF874 is specific for the Z variant, consistent with its proposed mechanism of action, with no effect on secretion of M- or Siiyama A1AT, even at 10 µM. The Z-A1AT secreted by the HEK cells was demonstrated to be active by visualizing reaction products with trypsin by sodium dodecyl sulphate-polyacrylamide gel electrophoresis (SDS-PAGE).

Although ZF874 was developed from a hit found to bind to the Z-Pocket *in silico*, selection of leads was based on functional ability to stimulate secretion of Z-A1AT from transfected HEK cells. Ideally, a folding corrector of Z-A1AT would act catalytically, with high potency coupled with low affinity for the correctly folded product, native Z-A1AT. In order to assess the ability of ZF874 to bind to native human Z-A1AT, an equilibrium dialysis experiment was conducted in plasma from a normal subject, where one compartment was spiked with increasing concentrations of native Z-A1AT up to 40 µM (2 mg/ml). 5µM ZF874 was added to one compartment, and at equilibrium there was no difference in total ZF874 distribution between the compartments, indicating that ZF874 does not bind to native Z-A1AT with appreciable affinity. A similar study was conducted in buffer with ZF874 compared to a Vertex compound we believe to be VX-814; while ZF874 was found equally distributed between the compartments, 70% of the Vertex compound remained in the compartment containing the 20 µM native Z-A1AT, suggesting moderate affinity for native Z-A1AT.

There is only one available model to assess the effect of folding correctors on the secretion of Z-A1AT *in vivo*, the PiZ mouse. This strain was produced by knocking in several copies of the human Z-A1AT gene into their genomic DNA, including the upstream liver-specific promoter elements. The PiZ mouse was developed primarily to overexpress Z-A1AT as a model of liver disease associated with AATD, and has since been used to assess potential treatments to reduce Z-A1AT accumulation (*e.g.* autophagy upregulation and small interfering RNAs). PiZ mice have a range of plasma levels of Z-A1AT from 100 to 1000 µg/ml, with the high expressing mice developing signs of liver pathology. Low and high Z-A1AT expressing mice are both appropriate for use in testing the effect of ZF874 on Z-A1AT secretion since it acts catalytically. Baseline measurement of Z-A1AT plasma levels provide a control pre-treatment value for each animal, allowing data from low and high expressing mice to be analyzed together.

The effect of ZF874 on plasma levels of human Z-A1AT was tested in PiZ mice during 15 days of BID oral (PO) dosing (single dose on final study day) with 5, 15 or 50 mg/kg. It was observed that ZF874 increased the plasma concentration of human Z-A1AT in a dose-dependent manner, with even the lowest dose resulting in a significant effect.

In a similar study, PiZ mice were given ZF874 PO BID at doses of 25, 50, 100, 200, 300 and 500 mg/kg per occasion (doses ~8 hours apart) for 10 days, with three pre-dose blood samples taken over seven days and blood samples during dosing taken on days 5, 7 and 10. The effect of ZF874 on plasma levels of human Z-A1AT in PiZ mice increased linearly with dose, with a maximal effect of 380%. However, the amount of Z-A1AT in the plasma was still increasing linearly on day 10 for all doses, indicating that the maximum effect of each dose is likely to be higher. We believe this is due to the short half-life of ZF874 in the mouse (approximately 1 hour), and the long half-life of Z-A1AT once in the blood.

Z-A1AT was purified from the plasma of the 500 mg/kg treatment group after day 10 and was found to be active as a protease inhibitor. Since the inhibition mechanism of serpins relies on a native conformation, we conclude that ZF874 stimulates folding and secretion of native Z-A1AT *in vivo*.

In order to assess the potential of ZF874 to completely correct the plasma levels of Z-A1AT in the PiZ mice, ZF874 was dissolved in their drinking water at 2, 4 and 8 mg/ml for 28 days. Full rescue of folding and secretion should lead to a 7-10-fold increase in plasma levels of Z-A1AT, assuming a similar fraction of misfolding in PiZ mice and humans (85-90%). Z-A1AT levels in PiZ mice are known to decrease with time. The day 28 Z-A1AT levels relative to the pre-dose levels are shown in Figure 23(A), and the difference between vehicle and treated groups is 4.9-, 6.4- and 7.6-fold (Figure 23A). Again, however, steady-state Z-A1AT levels had not been

achieved by day 28, with levels continuing to climb for each dose group (Figure 23B). We concluded that ZF874 is likely capable of full rescue of the folding of Z-A1AT, albeit at exceedingly high doses in the PiZ mice.

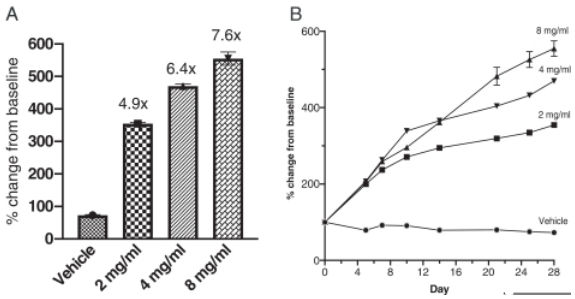


Figure 23: ZF874 increases the levels of human Z-A1AT in the plasma of PiZ mice when dissolved into their drinking water. (A) Normalized day 28 Z-A1AT levels dosing of ZF874 in drinking water at the concentrations indicated. Fold change relative to vehicle control at day 28 is indicated. (B) Z-A1AT levels increased with time for all dose groups, indicating that steady-state had not yet been achieved at day 28.

To assess the effect of ZF874 on the livers of high-expressing PiZ mice, ZF874 was fed to mice to provide a nominal dose of 50 mg/kg/day for 12-weeks. This was also a test of long-term tolerability of ZF874, so WT mice were included. Plasma levels of Z-A1AT increased by two-fold relative to baseline by day 14 and remained so for the duration of the study. Z-A1AT levels did not change significantly from baseline for PiZ mice fed chow without ZF874.

Accumulation of Z-A1AT polymers in the endoplasmic reticulum (ER) of hepatocytes leads to liver damage with increasing age in high-expressing PiZ mice. Liver sections from PiZ mice fed with ZF874 for 84 days were examined to investigate the effect of ZF874 on accumulation of Z-A1AT polymers and on fibrosis. Periodic acid-Schiff diastase (PAS-D) staining of Z-A1AT polymers in the ER of hepatocytes is a hallmark of AATD in humans and in the PiZ mouse model. Treatment of PiZ mice with ZF874 resulted in a dramatic reduction in PAS-D stained hepatocytes, as shown in Figure 24 below. Comparison of liver sections from PiZ mice also revealed a marked reduction in Sirius red and reticulin staining, markers of fibrosis, with ZF874 treatment.

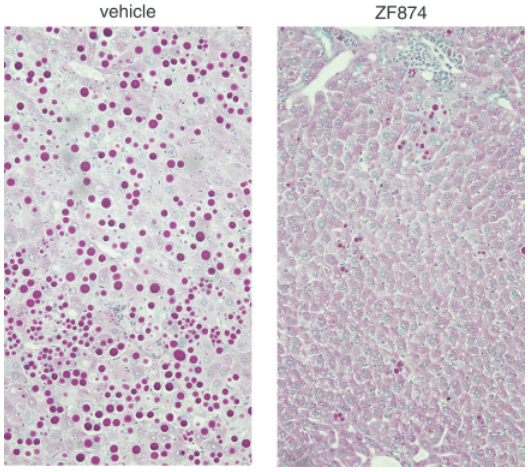


Figure 24: Representative image of PAS-D stained liver sections from high-expressing PiZ mice after 84 days of treatment with normal chow (vehicle) or chow admixed with ZF874.

Blood samples were taken on day 84 to assess levels of alanine aminotransferase (ALT) and tissue inhibitor of metallopeptidase 1 (TIMP-1), a liver enzyme and inflammatory marker, respectively, both associated with liver damage in mice. Neither marker was affected by chronic dosing of ZF874 in WT mice. The high expressing PiZ mice given normal food had elevated ALT levels at day 84, well outside the normal range, indicative of liver damage caused by the accumulation of Z-A1AT polymers. However, high expressing PiZ mice fed with ZF874 had ALT levels similar to WT mice (Figure 25A). A similar pattern of results was found for TIMP-1 (Figure 25B). This study demonstrates that a modest but sustained two-fold elevation in plasma Z-A1AT levels upon treatment with ZF874 at 50 mg/kg/day is sufficient to substantially reduce liver pathology in high-expressing PiZ mice as measured by Z-A1AT polymer burden, fibrosis, ALT level and inflammation.

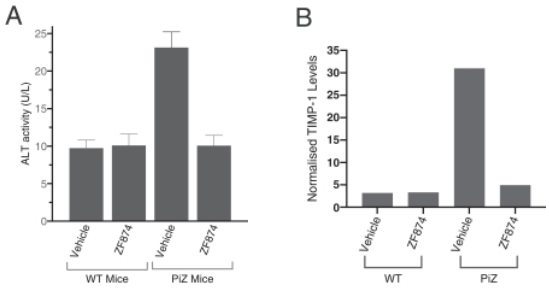


Figure 25: ALT (Panel A) and TIMP-1 (Panel B) levels at day 84 in WT and high-expressing PiZ mice fed on normal chow (vehicle) or chow admixed with ZF874.

The potential toxicity of ZF874 was evaluated in rat and dog preclinical models in 28-day GLP studies with recovery groups. No adverse effects were observed for oral doses of ZF874 up to 1000 mg/kg/day (500 mg/kg BID) in the rat and up to 150 mg/kg/day in the dog, the highest dose tested in each species. 150mg/kg was the limiting dose in the dog due to transient behavioral changes that occurred at Tmax.

Activities Conducted to Date for ZF887

Studies conducted to date for ZF887 include in vitro and in vivo pharmacology studies, safety pharmacology and PK and ADME studies. In vivo characterization in particular entailed assessing effect of ZF887 on plasma levels of Z-A1AT in a PiZ mouse model, where mice were treated for 14 consecutive days by oral gavage twice daily at 5, 15, or, 50 mg/kg. The data in the below figure shows that ZF887 stimulates secretion of Z-A1AT compared to baseline levels in PiZ mice in a dose-dependent manner.

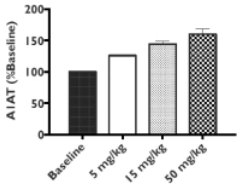


Figure 26: ZF887 increases plasma levels of human A1AT in the PiZ mouse.

Development Plan

ZF874

Results from 28-day repeat dosing study in PiXZ subjects (Phase 1, Part B) are expected to be available in mid-to-late 2021. Z Factor expects to commence chronic toxicology studies in mid-to-late 2021, and to initiate a planned 28-day study in PiZZ subjects in mid-to-late 2021.

ZF887

Z Factor has completed lead optimization for ZF887 which is currently entering the IND-enabling phase.

Product Exclusivity

We intend to protect exclusivity of ZF874 and other compounds across multiple chemical families principally through patent protection and the exclusive license of rights under our agreement with the University of Cambridge. See "—Intellectual Property and License Agreements."

Morphogen-IX Limited

Introduction

Morphogen-IX Limited (Morphogen-IX) was conceived to target the central causal pathway in pulmonary arterial hypertension (PAH) revealed by genetic studies in patients over the last 20 years. PAH, a severe form of pulmonary hypertension, is a progressive life-limiting disease caused by narrowing of small pulmonary arteries in the periphery of the lung. Morphogen-IX is developing MGX292, a disease-modifying, protein-engineered variant of human bone morphogenetic protein 9 (BMP9), for the treatment of PAH.

Professor Nick Morrell, co-founder and Chief Executive Officer of Morphogen-IX, has over 25 years of research experience in PAH from genetics to experimental medicine. Dr. Morrell's laboratory at the University of Cambridge is internationally recognized for contributions to understanding mechanisms of PAH, publishing over 250 papers in this field. He was awarded the Lifetime Achievement Award by the European Respiratory Society in 2019. Co-founders, Dr. Wei Li and Dr. Paul Upton, also at the University of Cambridge, are experts in the protein biochemistry and structural biology of BMP ligands and receptors, and the vascular biology of BMPs.

Disease Overview

PAH is a rare disease with a major unmet medical need. Patients initially present with progressive breathlessness on exertion caused by severely elevated blood pressure in the pulmonary circulation, leading to death from right-sided heart failure. Females are more commonly affected than males and the disease can manifest at any age, though we estimate to be typically in the 20-60 age group. PAH can occur spontaneously, which is termed idiopathic PAH, in approximately 50% of cases, or in association with other underlying conditions, such as congenital heart disease, connective tissue disease and liver disease. Together, these conditions comprise World Health Organization (WHO) Group 1 PAH, for which existing drugs are approved.

PAH has a prevalence of 11 to 26 per million individuals, affecting approximately 70,000 patients in North America, Europe and Japan. Although many factors, including altered growth factor signaling, inflammation and metabolism are features of PAH pathobiology, it remains uncertain to what extent these factors are causal as opposed to secondary manifestations, as most previous attempts to target these pathways with therapeutics have been unsuccessful in PAH patients. In contrast, genetic evidence for the causality of PAH provides a strong basis for drug discovery efforts. The genetic evidence in PAH emerges from patients with a family history of disease and from patients with idiopathic PAH. 75% percent of patients with a family history of PAH have heterozygous loss-of-function mutations in the bone morphogenetic protein type 2 receptor (BMPR2). Mutations in BMPR2 are found in 15% to 40% of patients with idiopathic PAH. Since the discovery of BMPR2 mutations in 2000, further causal mutations in components of the BMPR2 pathway have been discovered in PAH patients. Mutations in BMPR2 confer an increased risk of developing PAH of approximately 100,000-fold.

This genetic evidence indicates a central causal pathway in PAH defined by the circulating BMP ligand, BMP9, derived from the liver that engages a receptor complex comprising ALK1 and BMPR2 on pulmonary endothelial cells. The highest levels of expression of ALK1 and BMPR2 are found in lung endothelial cells. Thus, loss of BMP9 signaling selectively confers susceptibility to PAH without compromising other vascular beds or organ systems. Approximately a quarter of idiopathic PAH patients have loss-of-function mutations in the BMP9 signaling axis.

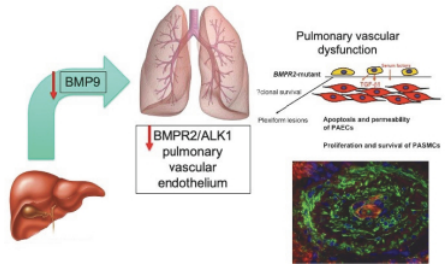


Figure 27: Central causal pathway in PAH. PAH is characterized by loss of function in the BMP9/ALK1/BMPR2 pathway. This may occur from a reduction in ligand or in receptor expression (red arrows). The normal pulmonary circulation is protected and maintained when this signaling pathway is intact. Loss of function leads to pulmonary vascular cell dysfunction, with increased permeability of the endothelium and increased apoptosis of endothelial cells, and the formation of plexiform lesions. The endothelial dysfunction promotes expansion of the underlying smooth muscle cells leading to constrictive vascular lesions. The image shows endothelial cells stained in red and the proliferation of surrounding smooth muscle cells stained with green from a patient with PAH.

Furthermore, patients with portopulmonary hypertension, which is PAH in the presence of cirrhosis, exhibit markedly reduced levels of plasma BMP9 that predicts the development of PAH. Taken together, these discoveries provide strong target validation for approaches that enhance BMP9/BMPR2/ALK1 signaling as a novel therapeutic approach for PAH.

An important observation is that dysfunction of the BMP9/BMPR2/ALK1 pathway is not confined to patients with genetic forms of PAH. Patients with various forms of Group 1 PAH have been shown to exhibit a deficiency of this pathway, whether it be reduced expression of the BMPR2 receptor, or reduced circulating levels of BMP9. In addition, the widely used animal models of PAH are characterized by reduced BMPR2 and BMP signaling in the lung. Thus, approaches to enhance activity of the BMP9 pathway are likely to be broadly applicable to Group 1 PAH, and potentially other WHO Groups, for which there are no approved treatments.

Current Treatments and Market Opportunity

While approved drugs for PAH exist, current treatments do not impact the underlying pathophysiology of the disease and are not disease-modifying. The currently approved drugs to treat Group 1 PAH were largely developed to treat other cardiovascular conditions and have been repurposed for PAH. These drugs target vasoconstriction by either enhancing prostacyclin signaling prostaglandin I2 (IP receptor agonists), inhibiting the actions of endothelins (ERA antagonists), enhancing nitric oxide signaling (PDE5 inhibitors, guanylate cyclase activators) or a combination of these approaches. However, vasoconstriction is a small component of established human PAH and vasodilators fail to reverse the lung vascular pathology that characterizes PAH. Further, vasodilator therapies are often used in combination (two or three drug classes) but despite these options, the prognosis for PAH remains poor. According to U.S. and European registries the mortality rate at three years is approximately 40%. Alternative approaches that target the pulmonary vascular cell dysfunction leading to vascular remodeling have the potential to be truly disease modifying in PAH.

The total global market for PAH is estimated at $6.0 billion per annum based on sales of approved drugs.

Although we are not aware of any competitors developing BMP-based agonists for PAH, Acceleron Pharma and Keros Therapeutics are developing ligand trap-based treatments for PAH, which work by inhibiting signaling via

the TGF-beta superfamily ligands, Activin, GDF8 and GDF11, but neither has been shown to enhance BMP9 signaling in animal models.

Our Product Candidate

Morphogen-IX is developing MGX292, a protein-engineered variant of BMP9, for the treatment of PAH. MGX292 is designed to overcome the functional deficiency in BMP9 signaling found in patients with PAH, restore vascular function and reverse established disease pathology in the pulmonary arterioles. MGX292 is being developed as a daily subcutaneous treatment aimed at disease reversal/modification in patients with PAH, thereby potentially enhancing life expectancy and reducing symptoms.

Despite the promise of BMP9 as a therapeutic in PAH, its potential for heterotopic ossification (HO), has traditionally been a major limitation. All BMPs are capable of driving a program of osteogenesis in mesenchymal tissues and native BMP9 also carries this risk. Native BMP9 signals at low concentrations via its high affinity type 1 receptor (ALK1), to preserve endothelial function. At higher concentrations, BMP9 can activate the low affinity type 1 receptor (ALK2), on mesenchymal cells. ALK2 is the archetypal receptor for driving bone formation and HO.

To unleash the full potential of BMP9 for PAH, Morphogen-IX set out to develop protein engineered variants of native BMP9 that retain endothelial signaling via ALK1, but lack signaling via ALK2, which would otherwise lead to undesired bone formation. The design of single amino acid substitutions was based on a deep understanding of the structural basis of BMP signaling via type 1 and type 2 receptors. Morphogen-IX screened a number of variants, and in 2019, ultimately selected MGX292 as its drug development candidate. Based on the design and supported by preclinical evidence, MGX292 is devoid of bone forming capacity while retaining the endothelial protection of the native protein. MGX292 has a molecular weight of approximately 90KDa and comprises a dimer of two growth factor domains and two prodomains, similar to the circulating form of native BMP9. In 2015, Morphogen-IX showed in an article published in *Nature Medicine* that exogenous administration of native BMP9 could reverse established PAH in several rodent models of disease.

While PAH is the primary indication for MGX292, additional target disease indications with major unmet needs include acute respiratory distress syndrome (ARDS), hereditary hemorrhagic telangiectasia (HHT) and hepatopulmonary syndrome, for which there are no approved therapies. The underlying biology of the BMP9 plays a causal role in HHT (heterozygous mutations in ALK1 or the accessory receptor ENG), hepatopulmonary syndrome (dramatically reduced levels of circulating BMP9) and ARDS (BMP9 levels reduced in patients with sepsis and BMP9 protects mice from lipopolysaccharide-induced lung injury).

Preclinical Data

In preclinical rat models of severe PAH, daily administration of MGX292 demonstrated a dose-dependent reversal of established lung vascular pathology. The Sugen-hypoxia protocol has become the most widely used rodent model of severe PAH because it more closely resembles human PAH, being a chronic model of severe disease leading to death from right heart failure. In addition, the lung pathology is characterized by the appearance of neointimal vascular lesions, which are an important feature in human PAH pathology, but not seen in most other rodent models. In human pulmonary artery endothelial cells, MGX292 has been observed in *in vitro* studies to activate downstream signaling in an ALK1 and BMPR2 dependent manner, with an EC_{50} similar to native BMP9.

In preclinical studies of the Sugen-hypoxia rat model, MGX292, given daily for four weeks, was observed to reverse established advanced pulmonary vascular remodeling at doses as low as 3-10µg/kg/day. Almost complete reversal of disease pathology is observed at 30µg/kg/day. MGX292 generally appears well-tolerated at the highest dose used to date, 270µg/kg/day for four weeks. The graph below shows that MGX292 reverses the number of neointimal lesions in the Sugen-hypoxia model, the lesion that characterizes human PAH pathology.

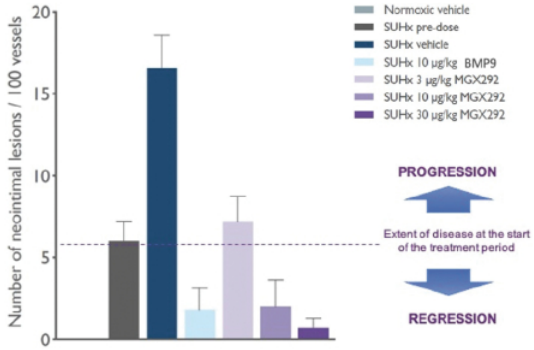


Figure 28: MGX292 reverses the number of neointimal lesions in the Sugen-hypoxia model, the lesion that characterizes human PAH pathology.

Development Plan

MGX292 is currently in preclinical development. Morphogen-IX is optimizing the manufacturing process for MGX292 and will be undertaking IND-enabling safety and toxicology studies in 2022. We anticipate submitting an IND and/or a CTA in mid-to-late 2022. In addition, while PAH is the primary indication for MGX292, Morphogen-IX plans to explore opportunities in additional disease indications in which its technology may yield therapeutic benefit.

Capella Bioscience Ltd.

Introduction

Capella Bioscience Ltd. (Capella Bioscience) was created with the mission to advance first-in-class monoclonal antibody (mAb) therapeutics in autoimmune diseases with high unmet need. Our lead programs are CBS001 and CBS004, currently undergoing IND-enabling studies for the treatment of rare inflammatory disorders. Capella Bioscience is initially developing CBS001, a neutralizing therapeutic mAb to the inflammatory membrane form of LIGHT (known as TNFSF14) for the treatment of idiopathic pulmonary fibrosis (IPF). We anticipate submitting an IND for CBS001 and commencing a Phase 1 program for this candidate in early-to-mid 2022. In addition, Capella Bioscience is developing CBS004, a therapeutic mAb to target BDCA-2 for the treatment of lupus erythematosus, both systemic and cutaneous (SLE and CLE, respectively), and systemic sclerosis (SSc). Both programs are currently undergoing IND-enabling activities. We anticipate submitting an IND for CBS004 and commencing a Phase 1 program for this candidate in early-to-mid 2022.

We believe that the Capella Bioscience team is strongly positioned to advance its programs through development. Our co-founders Dr. Steve Holmes and Donald L. Drakeman are biotech industry leaders with a strong track record of therapeutic mAb development as well as successful company creation. Dr. Holmes has over 25 years of experience in drug development and has held senior positions at Oxford Glycosciences (acquired by UCB-Celltech), Domantis (acquired by GlaxoSmithKline), Kymab (acquired by Sanofi) and GlaxoSmithKline. Mr. Drakeman has overseen the progress of 30 innovative medical products and co-founded Medarex (acquired by Bristol-Myers Squibb) and Genmab. We intend to further assemble world-class teams to prosecute the development of our programs to ultimately develop therapies for patients with serious unmet need.

CBS001

Idiopathic Pulmonary Fibrosis

Disease Overview

IPF is a chronic, progressive and often fatal respiratory disease characterized by persistent inflammation and enhanced collagen deposition in lung parenchyma. Symptoms of IPF usually develop gradually and each person is affected differently and at varying rates as the disease progresses. Symptoms include shortness of breath (dyspnea) and chronic cough. IPF portends a poor prognosis with an estimated mean survival of two to five years from the time of diagnosis.

While the specific etiology for the development of IPF is elusive, research suggests that the onset of IPF is brought about by multiple mechanisms. Repetitive injury to the alveolar epithelium is understood to trigger a cascade of signaling by the immune system prompting fibrosis in the lungs. Further, an IPF patient's lung epithelium is believed to be broken, and genetically susceptible to atypical reaction to injuries which could further compound the fibrosis in the lungs.

It is believed that IPF is a disorder of chronic repair resulting from persistent inflammation. Recently, however, the relative role of inflammation in the fibrotic process epithelial cell disease has been challenged. This remains a matter of debate since pulmonary inflammation has been demonstrated in the early stage of the process in established IPF and strikingly, in clinically unaffected family members in the familial form of the disease.

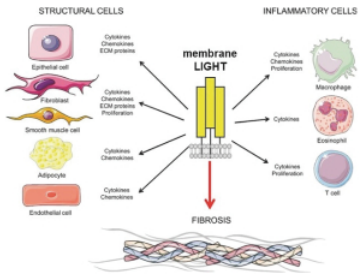


Figure 29: LIGHT can influence both structural and inflammatory cells to promote fibrosis.

The protein LIGHT has been found elevated in the serum or sputum of patients suffering from a number of inflammatory diseases with a fibrotic component, including asthma, atopic dermatitis, rheumatoid arthritis, non-alcoholic fatty liver disease, atherosclerosis and colitis. LIGHT can regulate infiltrating T cells, macrophages, and eosinophils, controlling their trafficking or retention in the inflamed tissue, their proliferation and their ability to produce cytokines that amplify fibrotic processes. Activation of the LIGHT signaling cascade therefore can lead to hyperplasia of lung epithelial cells, fibroblasts and smooth muscle cells, deposition of extracellular matrix proteins, vascular damage and further immune alterations that in concert constitute fibrosis. By signaling in tandem on inflammatory and structural cells, through lymphotoxin beta receptor (LTßR) and herpesvirus entry mediator (HVEM), LIGHT is able to control the expression of major pro-fibrotic factors such as TGF-ß, IL-13 and TSLP and these factors combined can subsequently regulate hyperplasia of fibroblasts, epithelial cells and smooth muscle cells, and promote deposition of extracellular matrix proteins such as collagen. Additionally, LIGHT can regulate accumulation of Th2 cells, chemokines that attract these and other immune cells, adhesion molecules that will maintain the inflammatory environment and other factors such as metalloproteinases that can participate in the fibrotic response.

We have shown that LIGHT is present on CD4 and CD8 T cells as well as NK cells and macrophages from the lungs of IPF patients by polymerase chain reaction (PCR) and immunohistochemistry testing (IHC). LIGHT expression is localized to the lymphoid follicles linked to IPF progression, which are also composed of activated B cells, CD40 ligand-expressing activated T cells, fully mature dendritic cells (DC), and a network of follicular DC. The presence of these lymphoid follicles is linked to the progression of IPF. Worldwide, IPF affects 13 to 20 out of every 100,000 people. IPF is considered a rare disease according to the National Institutes of Health, with U.S. prevalence of the disease estimated to be 135,000 cases (for IPF defined based on ICD-9 code) and incidence estimated to be between 21,000 to 52,000 new cases per year. Incident and mortality are on the rise, and prevalence is expected to increase with the aging population.

Current Treatments and Market Opportunity

The most common drug types approved or under exploration as potential therapeutic approaches are MAPK inhibitors, tyrosine kinase inhibitors and autotaxin inhibitors. FG-3019, a human monoclonal antibody against connective tissue growth factor (CTGF) by FibroGen, Inc. is in Phase 3 trials.

Pirfinidone (a MAPK inhibitor marketed as Esbriet by Roche) and nintedanib (a tyrosine kinase inhibitor marketed as OFEV® by Boehringer Ingelheim) are the only drugs approved by the FDA for the treatment of IPF. Among drug classes, MAPK inhibitors hold the largest share in the market. Esbriet was the first drug approved in 2011 in Europe for treating mild to moderate IPF, and was approved in the U.S. for IPF in 2014. After several disappointing years of clinical trials of therapies that did not demonstrate efficacy in IPF, the anti-fibrotic drugs pirfenidone and nintedanib have been associated with significant slowing of respiratory deterioration in IPF and perhaps prolonged survival. However, the response to antifibrotic treatment is heterogeneous and may be limited by side-effects, necessitating the constant need to establish novel therapeutic approaches, including combination therapies and the development of novel compounds.

In addition, Cerecor, Inc. is developing CERC002, an anti-LIGHT mAb that binds equally to both membrane and soluble forms of the LIGHT protein**.** CERC-002 is currently being developed as a treatment for acute respiratory distress syndrome (ARDS) in hospitalized COVID-19 patients as well as a treatment for both adult and pediatric Crohn’s disease.

The increasing number of IPF cases diagnosed and rising awareness of the disease overall have stimulated the demand for treatment options. The global IPF market generated sales totaling $1.8 billion in 2019 and is projected to reach $2.9 billion by 2025 and to $4.3 billion by 2030.

Our Product Candidate

CBS001 is designed to be a high-affinity mAb blocking the binding of the inflammatory membrane form of LIGHT to its signaling receptors, HVEM and LTßR. This mAb is differentiated from other anti-LIGHT mAbs, which bind soluble and membrane forms equally. The below graphic illustrates the differentiated epitope targeted by CBS001.

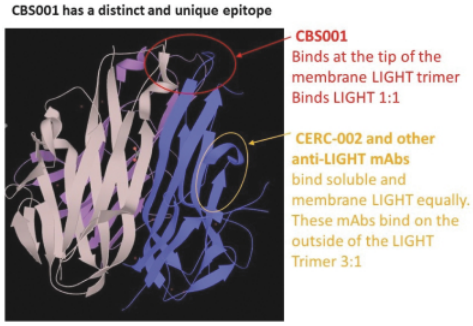


Figure 30: Binding epitope of CBS001

LIGHT is not present in normal lung tissue, which we believe provides the potential for CBS001 to be differentiated in its safety profile. Elevated levels of LIGHT have been found in the serum or sputum of patients suffering from a number of inflammatory diseases with a fibrotic component. An ongoing biomarker study in IPF is proceeding.

In preclinical testing, Capella has observed that CBS001 has a long half-life of approximately 25 days and robust potency. We believe these properties may support dosing once every one to two months.

Preclinical Data

We have tested CBS001 against all available anti-LIGHT mAbs in *in vitro* studies and CBS001 was observed to have greater potency (as measured by IC50) than the competitor antibodies and is ten times more potent than CERC-002. CBS001 inhibits binding of membrane LIGHT to HVEM and LTßR as well as showing high potency in inhibiting IL-8 release from a cell based assay expressing HVEM or LTßR.

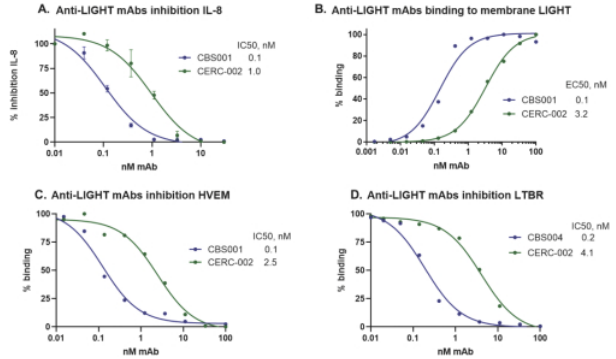


Figure 31: CBS001 potency in several assays.

The above figure demonstrates that CBS001 is ³ 10-fold more potent than CERC-002 in a cell based IL-8 inhibition assay (A); and *in vitro* assays of (B) cell binding assay; (C) inhibition LIGHT-HVEM binding and (D) inhibition LIGHT-LTBR binding.

In addition, CBS001 does not compete with the natural LIGHT inhibitor DcR3 in binding excess LIGHT as do all other anti-LIGHT mAbs, which is due to the unique epitope of CBS001. CBS001 inhibits IFNg and the inflammatory cytokines TNF and IL-17 from activated T cells in primary cell assays. Importantly, LIGHT is also expressed on Th17 cells.

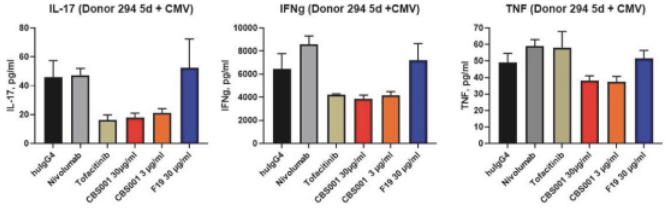


Figure 32: Activity of CBS001 on inhibition of IL-17, IFNg and TNF from CMV lysate stimulated PBMC over a five-day incubation period, against controls of nivolumab, tofacitinib and human IgG4.

Th17 cells have been demonstrated to play a role in the progression of autoimmune diseases, such as rheumatoid arthritis, psoriasis, multiple sclerosis and inflammatory bowel disease. The Th17 cytokines IL-17A and IL-17F trigger the production of pro-inflammatory cytokines in target tissues, which not only mediate inflammation through the recruitment of innate immune cells such as neutrophils, but also promote further Th17 activation in a positive feedback manner. This enhances the case that LIGHT through the downstream inhibition of IL-17 (among other mechanisms) offers pathway validation in the form of other approved agents neutralizing IL-17 as their mechanism of action.

In a preclinical model of lung fibrosis induced with bleomycin in humanized mice we have shown that CBS001 significantly reduces severe fibrosis as measured by Ashcroft score or fibrosis.

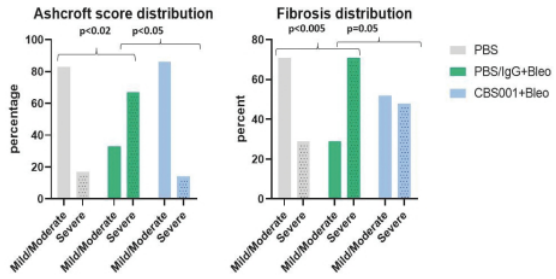


Figure 33: Reduction of fibrosis by CBS001.

In the above figure, humanized mice were treated with bleomycin at day 0 and the level of fibrosis was quantitated by immunohistochemistry on day 11 in the presence of CBS001 and compared to control IgG4 or PBS.

In human IPF lung tissue, we have shown high LIGHT expression co-expressed with CD4 and CD8 cells by immunohistochemistry in areas of inflammatory cell infiltration. LIGHT was also present on neutrophils and T effector memory cells in these sections. Importantly, no LIGHT expression was evident in normal lung. Studies in IPF have demonstrated the abundance of T and B lymphocytes and the presence of lymphocyte aggregates resembling lymphoid follicles in IPF and these structures correlate with disease progression.

Pharmacokinetic studies in non-human primates (NHP) have shown that CBS001 has an exceptionally long half-life of approximately 25 days, which we believe could support approximately bi-monthly dosing in man.

GLP safety studies have been completed in NHP and human LIGHT KI mice and no safety issues have been observed as well as a clean profile in the FDA human tissue panel.

CBS001 is a stable mAb that is expressed at very high yield from the CMC expression system. Formulation studies have been completed and CBS001 is stable up to 125mg/ml.

Development Plan

We intend to meet with the regulatory authorities in mid-to-late 2021 to discuss potential clinical trial designs for CBS001 in IPF. The primary aims of this study are to assess the safety, tolerability, PK and pharmacodynamics of CBS001 in subjects with IPF. A clinical advisory board is in the process of being appointed to finalize the protocol and regulatory submission for an IND in early-to-mid 2022.

CBS004

Disease Overview

Systemic Sclerosis

SSc is a connective tissue disorder characterized primarily by the thickening and hardening of the skin. There are two primary types of scleroderma: localized and systemic, also known as systemic sclerosis. In localized

scleroderma, the disease affects mainly the skin and may have an impact on the muscles and bones. In systemic scleroderma, there is an involvement of the internal organs, such as the digestive tract, heart, lungs and kidneys. The causes of SSc are not fully known. There is evidence that genetic and environmental factors may play a role in the genesis of scleroderma. The result is an activation of the immune system, causing blood vessel damage and injury to tissues that result in scar tissue formation and the accumulation of excess collagen. SSc is a rare disease and its prevalence varies with ethnicity, gender, and geographic area. Women are at higher risk than men. Systemic scleroderma can occur at any age; however, it is rare in children and the elderly. The disease is most prevalent in individuals aged 30-50 years.

In summary, SSc is a complex, multi-organ disease which has a high burden of patient morbidity. The mortality rate is increasing in the U.S. and Europe and generally, renal and lung changes are responsible for death in patients. Pulmonary hypertension leads to 12% of SSc–related deaths and lung fibrosis and heart changes are responsible for 9% of systemic sclerosis–related deaths.

Lupus Erythematosus

Lupus is associated with multisystemic inflammation resulting from abnormal immunological function. Patients experience periodic flares of varying severity or instances in which no observable signs or symptoms are present. SLE is a systemic autoimmune disease, with multisystemic involvement. The disease has several phenotypes, with varying clinical presentations in patients ranging from mild mucocutaneous manifestations to multi-organ and severe central nervous system involvement. SLE is a multifactorial disease with unknown exact etiology; however, several genetic, immunological, endocrine and environmental factors play a role in the etiopathogenesis of SLE. More than 50 genes or genomic loci have been identified to be associated with SLE, most encoding proteins implicated in the function of the immune system. The prevalence of the disease is approximately 70 per 100,000 persons and incidence rates of 5.6 per 100,000 person-years in primarily Caucasian and African-American populations, with African-Americans presenting the highest rates. SLE predominantly affects women of childbearing age.

Cutaneous manifestations are frequently the presenting sign of lupus erythematosus and in the case of certain CLE subtypes, they can occur in the absence of systemic disease. CLE is divided into several subtypes and is two to three times more frequent than SLE. Similar to proposed etiologies for SLE, current theories include genetic susceptibility, autoimmune induction and immune system damage.

It is critical for the immune system to avoid the recognition of self DNA and self RNA while retaining the ability to sense microbial nucleic acids. The innate immune system appears to have elaborated several distinct mechanisms to discriminate pathogen derived exogenous nucleic acids and host derived self-nucleic acids. However, there is considerable emerging evidence that recognition of self-nucleic acids by toll-like receptors (TLRs) located on plasma dendritic cells (pDCs) occurs under certain circumstances even though the innate immune system evolved distinct mechanisms to prevent self-recognition. The resulting chronically activated pDCs, and the IFNα that they produce in response to self-nucleic acids are thought to be a primary contributor in the pathogenesis of several autoimmune diseases, including SSc and SLE.

pDCs are bone marrow derived cells specialized in the secretion of type I IFN and are mainly found in peripheral blood and in primary and secondary lymphoid organs. pDCs promptly detect viral nucleic acids, which are endocytosed and delivered to endosomes containing TLR7 and TLR9. Engagement of these toll-like receptors results in the immediate release of type I IFN (IFN-I), providing a very early defense against viral infections. pDCs also secrete IFN-I in response to endogenous nucleic acids that are released during cell necrosis and/or apoptosis or are bound to antinuclear autoantibodies. pDCs secrete approximately 1,000 times more IFNα than any other cell type and are the primary source of this inflammatory mediator.

BDCA-2 is a C-type lectin exclusively expressed on the surface of human pDCs. BDCA-2 transmits intracellular signals through an associated transmembrane adaptor, the FceRIg, and induces a B-cell receptor-like signaling

cascade which promotes the production of IFN-I and other chemicals, BDCA-2 receptor ligation by mAbs has been shown to inhibit TLR7-or TLR9-induced production of IFN-I and other pDC-derived pro-inflammatory mediators.

pDCs continued to be implicated in the development and progression of both SSc and SLE/CLE. pDCs infiltrate the skin of these patients and are chronically activated, leading to the secretion of IFNα and other inflammatory mediators that are hallmarks of the disease. Several studies on IFN inducible chemokines in SSc and the report on CXCL4 as a biomarker of SSc build on the role of IFN in the progression and early phases of SSc as well as SLE/CLE. In fact, the IFN signature is present before the onset of clinical fibrosis and provides a strong rationale for the use of an anti-BDCA-2 treatment approach in SSc.

Importantly, the therapeutic potential of an anti-BDCA-2 antibody (BIIB059) has been observed in Phase 2a studies in SLE and CLE.

Current Treatments and Market Opportunity

The global SSc market is mainly driven by the off-label use of drugs approved for its symptomatic indications, such as rheumatoid arthritis. Lack of curative therapies and high prevalence of off-label drug use are underlying factors spurring interest in this rare disease market. The global SSc therapeutics market size was valued at approximately $1.6 billion in 2018 and is estimated to expand at a compound annual growth rate of 6.0% from 2019 to 2026.

With respect to drug class, the SSc market is segmented into immunosuppressors, phosphodiesterase 5 inhibitors, endothelin receptor antagonists, prostacyclin analogues, calcium channel blockers, analgesics and others. Without a curative therapy for this disease, an expansive range of drug classes are prescribed to provide symptomatic relief, with immunosuppressants holding prominence. Two newer therapies include Lenabasum and OFEV®.

The global SLE market size is expected to reach approximately $3.1 billion by 2025, representing a CAGR of 7.0%. The main competitor in SLE is Biogen's anti-BDCA-2 mAb BIIB059, which has shown promise in Phase 2 clinical trials for both SLE and CLE. Another pDc targeting mAb VIB7734 is in development by Viela Bio as a pDC-depleting agent. Early Phase 1b data suggest that this antibody may be less efficacious in CLE compared to BIIB059. Additionally, AstraZeneca is developing anifrolumab, an anti-type I interferon receptor subunit 1 antibody that has completed a Phase III trial in moderate to severe SLE. Benlysta is a human monoclonal antibody developed by GSK that binds to B cell activating factory. Benlysta was approved to treat lupus in 2011 and is the first drug approved for this disease in the last 50 years. In 2020, Benlysta was approved for the treatment of lupus nephritis. New therapies are needed for those patients who only see marginal benefit with Benlysta treatment, and the SLE market remains open for future competition. Anifrolumab, an anti-IFNAR mAb marketed by AstraZeneca, leads the next generation of these potential SLE treatments.

Our Product Candidate

CBS004 is our preclinical humanized IgG1 monoclonal antibody targeting the pDC-specific cell surface protein BDCA-2. By targeting BDCA-2, CBS004 inhibits intracellular signaling through an associated transmembrane adaptor, the FceRIg, and subsequently inhibits TLR7- or TLR9-induced production of IFN-I and other pDC-derived pro-inflammatory mediators.

CBS004 is a stable mAb with a higher potency than BIIB059 and can be formulated to 100mg/ml for subcutaneous administration. We believe that the long half-life of CBS004 in NHP of approximately 16 days supports a once a month dosing schedule at the minimum. Capella Bioscience seeks to develop CBS004 in SSc, with potential evaluation in SLE and CLE as well.

Preclinical Data

We have evaluated the effects of antibody-mediated BDCA2 internalization in preclinical models of pDC driven skin inflammation and fibrosis *in vitro* and *in vivo*. First, we developed a humanized monoclonal IgG1 antibody, CBS004, which specifically binds to BDCA2 with high affinity without hindering cell viability. CBS004 suppressed Toll-like Receptor (TLR)-9 induced IFNα secretion by peripheral blood mononuclear cell (PBMC) from both healthy volunteers and SSc patients. Additionally, CBS004 completely reversed TLR-signaling induced transcriptome of pDC, including activation of JAK/STAT, IL-6 and NF-kB pathways. Consistent with these findings, supernatants from TLR-stimulated human pDC treated with CBS004 failed to induce IFN stimulated gene expression in human keratinocytes and fibroblasts from organotypic 3D human skin cultures. We have generated data in two *in vivo* models in mice with CBS004. Firstly, a CLE like model, in which human pDC are injected into an immunocompromised mouse combined with topical Aldara (which acts as an immune response modifier) and secondly, a skin fibrosis model (human pDC plus bleomycin). In both of these models CBS004 decreased disease burden to control levels, indicating that CBS004 is a viable therapeutic approach for targeting both CLE and tissue fibrosis in SSc.

CBS004 appears to inhibit TLR9 induced IFN from pDC derived from healthy controls and SSc patients.

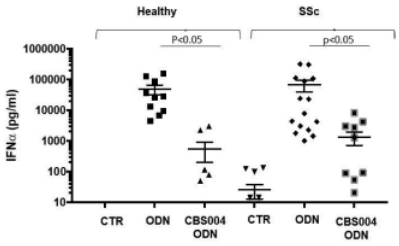


Figure 34: Activity of CBS004 on IFNα release.

The figure above illustrates PBMC from healthy or SSc patients are incubated overnight at 37C with 1uM ODN, a TLR9 agonist, in the absence or presence of CBS004 at the 10ug/ml concentration, and the IFNα released as measured by ELISA.

We have also observed in preclinical development that CBS004 inhibited TLR stimulated IFN release to a greater extent than the competitor mAb BIIB059 from Biogen.

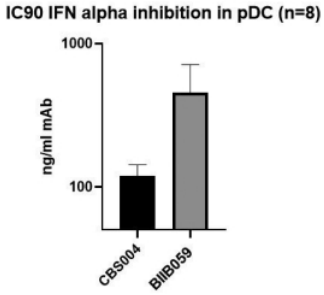


Figure 35: Comparative activity of CBS004 against BIIB059 antibody.

In figure 35, PBMC from healthy patients are incubated overnight at 37C with 1uM of a TLR9 agonist in the presence of CBS004 or BIIB059 and the IFNα released measured by ELISA.

We are the first to demonstrate that pDC enhanced skin fibrosis in a bleomycin induced mouse model and we have shown that CBS004 reduced dermal and epidermal skin thickness induced by pDC back to control levels. In addition, CBS004 inhibited collagen accumulation and TGFß message. Transforming growth factor-ß (TGFß) is the primary factor that drives fibrosis and is often called the master regulator of fibrosis.

Mouse model of pDC induced fibrosis

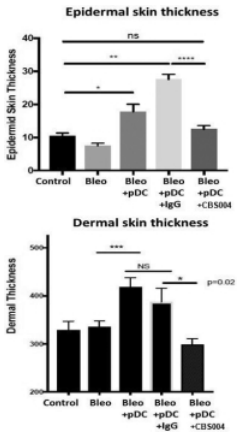


Figure 36: CBS004 significantly reduced skin thickness induced by pDC and bleomycin back to control levels.

In the above figures severe combined immunodeficient mice were utilized between four to eight weeks of age. Bleomycin at 200 µg/ml in PBS was injected subcutaneously into a single location on the shaved back of mice once every other day for 3 weeks. Mice received 2.5 x10^5 human pDC i.v. on day 0, 7 and 14 following the first bleomycin injection. CBS004 or human IgG control (5mg/kg) were injected i.p. every 5 days starting 24 hours prior to the first bleomycin injection. Treated skin was collected using a 3 mm punch biopsy and processed for haematoxylin and eosin and masson trichrome staining. 20 areas of Epidermis and dermal thickness were measured in order to get a large representation of skin thickness changes with different treatment regimens in the skin fibrosis model. An additional punch biopsy was taken and used to extract protein. These readings were then averaged and determined that CBS004 reduced both dermal and epidermal changes back to control levels.

NHP studies have shown that CBS004 has a half-life of 16 days and caused internalization of BDCA-2 for up to 35 days.

Development Plan

We initiated the CMC process for CBS004 in the fourth quarter of 2020 and we expect to submit an IND in mid-to-late 2022. We plan to initiate pre-formulation studies from early pooled material with a final study utilizing material purified from the lead cell line with the final purification process. These efforts focus on identifying a formulation that can support subcutaneous administration, for which initial data already support a 100 mg/mL formulation. We have formed a clinical advisory board comprised of leading clinicians from around the world in order to assist us with the design of both the scleroderma and SLE clinical trials.

LockBody Therapeutics Ltd

Introduction

LockBody Therapeutics Ltd (LockBody) aims to develop novel therapeutics based on its platform technology that is designed to selectively drive CD47 or CD3 activity while avoiding systemic toxicity. As compared to the

mechanism of bispecific antibodies, LockBody technology is monospecific until activated, and thereby is intended to address the classical limitations of bispecific antibodies by locking the cell-killing mechanism of action, such as CD47 or CD3, beneath a well-tolerated tumor targeting arm such as Her2 or PD-L1. LockBody seeks to leverage its technology to generate lead compounds with novel mechanisms of action to address solid tumors, which previously have not been addressed by CD47 or CD3-targeting therapies and are resistant to current standard of care. LockBody is currently conducting preclinical evaluation and cell line development for its first asset, targeting CD47, designated LB1, and lead optimization for its second asset, which targets CD3, designated LB2. In parallel, LockBody has been pursuing Her2/CD47 and PD-L1/CD47 molecules, such that we plan to submit an IND in mid-to-late 2022 for the LB1 program.

We believe that the LockBody team is strongly positioned to advance its programs through development. The LockBody team, consisting of Jonny Finlay, Jamie Coleman and Kevin Johnson, collectively has decades of combined experience in disease biology, biologics discovery and molecular engineering of therapeutics in fields including oncology and immunology, having held research leadership positions in government, academia, biotech and pharma. As a senior biologics R&D leader in pharma, Jonny Finlay developed in-depth understanding of the limitations of current antibody-based platforms for solid tumor therapy. The desire to ameliorate these limitations and to greatly improve the performance of modalities employing tumor cell-killing mechanisms, led to the creation of the LockBody technology.

Disease Overview

Cancer is the abnormal growth of cells and can take on many forms and affect patients in many ways. Cancers present in bodily fluids, such as lymphomas and leukemias, are examples of liquid tumors. Solid tumors are masses of tissue that do not contain any liquid or cysts, and include sarcomas and carcinomas. Tumors are sometimes described as being “hot,” meaning that they have been infiltrated by the body’s T-cells, a part of the body’s immune system. For this reason, hot tumors typically respond to immunotherapy treatment using checkpoint inhibitors to mobilize the T-cells’ response to kill tumor cells. In contrast, “cold” tumors have not been infiltrated with T-cells and, as a result, immunotherapy drugs have limited effect on these tumors.

According to the International Agency for Research on Cancer and the WHO, the global solid tumor burden has increased to an estimated 19 million new cases and up to ten million deaths per year. According to the American Cancer Society, in the U.S. alone, there are an estimated 1.6 million new cases and over 500,000 solid tumor deaths annually.

Current Treatments and Market Opportunity

The current generation of approved therapies targeting solid tumors have been safe and well-tolerated. However, while the established standard of care for solid tumors is improving, it remains incapable of treating the majority of patients effectively. Modern immunotherapies, including the checkpoint inhibitors which target the PD1/PD-L1 pathway, are only effective in a minority of patients. The illustration below shows the proportions of patients in different key indications, that current immunotherapies are able to address.

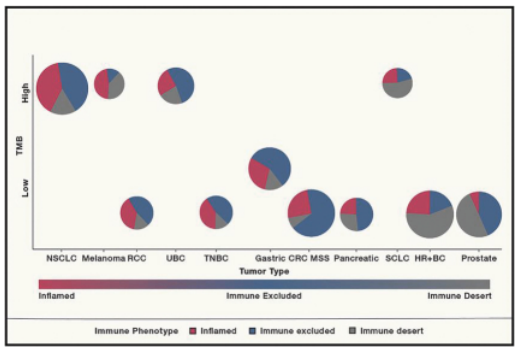


Figure 37: The majority of solid tumors tested are found to fit the 'cold' phenotype (Immune Excluded or Immune Desert) and not 'hot' (Inflamed), even when the Tumor Mutation Burden (TMB) is high. The 'cold' tumor class is found to be poorly responsive to current IO standard of care.

Immunotherapy success is most often seen in the minority of "hot" tumors. The majority of solid tumors, however, are "cold", where no clear underlying immune response to the tumor exists. Alternative approaches to immune oncology (IO) standard of care, with improved therapeutic index in treating solid tumors, remain an area of major unmet need. To address this need, we have developed the LockBody platform and lead molecules to engage CD47 or CD3 targeting selectively, in the tumor environment.

The LB1 and LB2 molecules, when administered as monotherapy, are designed to address multiple indications where current IO standard of care is ineffective. LockBody is also utilizing the modular and reproducible nature of its platform to develop a portfolio of innovative and differentiated clinical candidates.

We are aware of several programs under development by biopharmaceutical companies in our industry as potential treatments for solid tumors. These include Gilead, developing CD47 IgG combinations, AlxOncology, developing SIRP receptor-Fc fusion + IgG combinations, Light Chain Bioscience, developing CD47 bispecific antibodies, Innovent, developing a PD-L1/CD47 bispecific, Harpoon, developing activatable CD3 bispecifics, Maverick, developing activatable CD3 bispecifics, Amunix, developing activatable CD3 bispecifics and CytomX, developing activatable CD3 bispecifics.

Our Product Candidates

Many potential drug targets have been described that are hypothetically addressable via antibodies, but very few are exclusively expressed in diseased tissue. In addition, many drug mechanisms of action employed in challenging areas of therapy such as cancer employ extremely potent cell-killing mechanisms of action. As a result, engagement of the target in non-diseased tissue often causes unwanted side effects. This off-tumor target expression often also leads to antigen 'sink' effects where large doses of the antibody must be given to ensure sufficient antibody penetrates the tumor to have a therapeutic effect. One such example is the class of antibodies that target the antigen CD47. The therapeutic potential of this target, coupled with the frustrating realities surrounding its pharmacology, inspired the development of the LockBody platform.

The LockBody platform was designed on the basis of the principal of 'radical simplicity'. This holistic approach to molecular design led to the creation of a reproducible format that exhibits simple IgG-like expression and

purification, high stability and solubility. This overcomes the severe reproducibility issues that are frequently observed for more complex molecular formats.

Historically, the use of CD47 binding agents to target solid tumors has been limited by certain intrinsic challenges. Such challenges include a “sink” effect produced by high expression of CD47 in the bloodstream and solid tissues in the body that may necessitate the administration of frequent, large initial doses to achieve therapeutic efficacy. In addition, the binding of blood cells by anti-CD47 also presents a significant toxicity risk, which precludes the use of strongly pro-phagocytic antibody isotopes. As a result, CD47 agents commonly exhibit modest monotherapy activity and require the addition of further pro-phagocytic therapies. Finally, the tumor is typically a ‘hostile’ environment with high expression rates of proteolytic enzymes such as MMPs and Cathepsins which can directly accelerate IgG degradation. These factors collectively limit the potential safety and efficacy of anti-CD47 antibodies and many other types of anti-tumor target antibodies where target expression is not limited solely to the tumor environment. LockBody CD47 agents are designed to directly address these issues by bypassing the CD47 sink, minimizing peripheral toxicity and driving maximal CD47 blocking activity into the tumor.

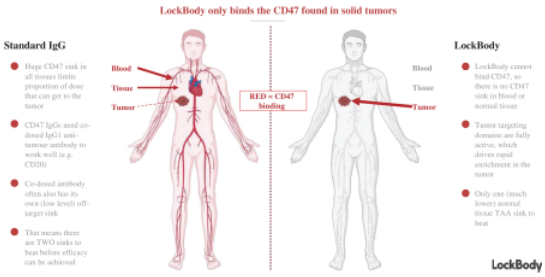


Figure 38: The intrinsic challenges of using CD47 binding agents (antibodies and receptor-Fc fusions) and how they are intended to be addressed by LockBody

LockBody CD47 under development for optimal targeting of solid tumors by the innate immune system

We believe agents that antagonize CD47 signaling by tumor cells hold great promise as potential therapies to treat both hot and cold tumors. CD47 is now an elucidated IO target in humans, but so far this promise has only been realized in blood cancers. Importantly, CD47 is broadly over-expressed and associated with poorer survival outcomes in many key solid tumor indications such as breast, NSCLC, colorectal, gastric, hepatic, renal and HNSCC cancers. These indications make up the majority of all solid tumor cases. CD47 upregulation in the tumor environment acts as a powerful checkpoint inhibitor which inhibits the potential tumor cell-killing functions of myeloid cells and NK cells. As such it is often known as the ‘Don’t eat me’ signal. Therapies which effectively block this signal while also adding a powerful ‘Eat me signal’ have the potential to stimulate potent and durable immune responses against solid tumors.

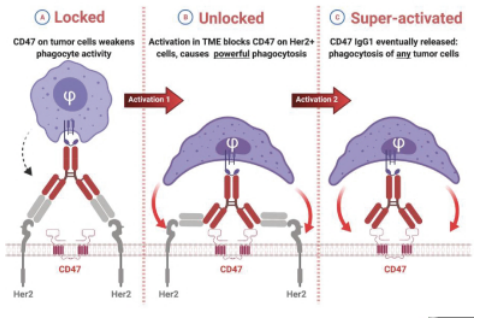


Figure 39: LockBody design principles and progression and 'Double-unlocking system': Her2/CD47 example.

As illustrated in Figure 39 above, a poorly tolerated mechanism of action such as CD47 (or CD3) is locked behind a well-tolerated targeting domain such as Her2, C-MET, EpCAM, etc. In the example above, Her2 domains direct enrichment in Her2+ solid tumors. (A) When locked, CD47 binding is fully ablated and LockBody acts like a standard Her2 IgG1, driving weak attack on endogenous tissues, due to CD47 suppression of innate immune cell function. (B) In the tumor microenvironment, LockBody is first unlocked by MMP and/or Cathepsin proteolysis, thereby allowing potent CD47 blockade and potent innate immune cell induction. (C) Uniquely, LockBody then undergoes a second unlocking and progresses into a 'super-activated' state where the CD47 function is free to act locally on Her2 high, Her2 low and Her2 negative cells. The modular nature of LockBody construction delivers endless optionality, where both TAA specificity and/or locked mechanism of action can be changed at will.

As CD47 agents must be combined with well-tolerated IgG1 antibodies that bind well expressed TAA anyway, LockBody reasoned that an optimal single agent would combine TAA targeting, potent CD47 blockade and would have a fully functional IgG1 Fc region, as illustrated in the figure below. In cancers, CD47 signaling through SIRPα can inhibit the ADCC, ADCP, inflammatory and antigen presenting functions of innate immune cells such as macrophages, dendritic cells, neutrophils, monocytes and NK cells. As a result, high CD47 expression limits tumor visibility to the adaptive immune system and minimizes T-cell education. The LockBody CD47 design principle combines high affinity TAA binding, in order to drive tumor enrichment, with potent CD47 blocking potential, once unlocked, and powerful immune activation capacity of human IgG1 isotype. LockBody believes this combination of capacities has the potential to drive potent direct tumor cell killing by innate immune cells, maximal antigen presentation and education of the adaptive immune system, and strong pro-inflammatory signaling to recruit further immune cell infiltration and attack on the solid tumor mass.

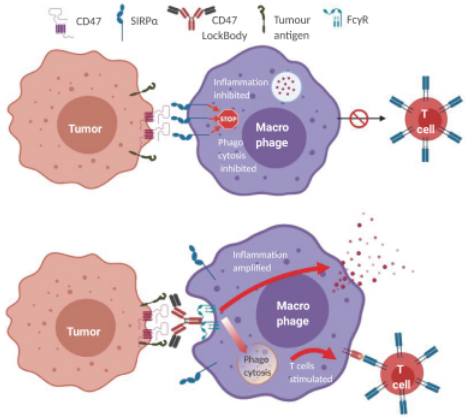


Figure 40: LockBody technology is designed to combine optimal factors for CD47 targeting into a single agent

LockBody is also designed to ameliorate a further critical limitation on the function of classical low-effector CD47 antibodies. To be fully effective, the low effector function, such as IgG4, CD47 blocking agent and high effector function IgG1 must be co-located on the same tumor cell surface at sufficient density to both effectively block CD47 AND present enough human IgG1 Fc to drive potent activity. LockBody believes that sinks, biodistribution limitations in the solid tumor environment, the complex pharmacology of having two agents with radically differing pharmacokinetics, different dosing schedules and cumulative toxicities all make this very difficult to achieve in practice. The LockBody technology, in contrast, is designed to enrich all functions on the same cell surface.

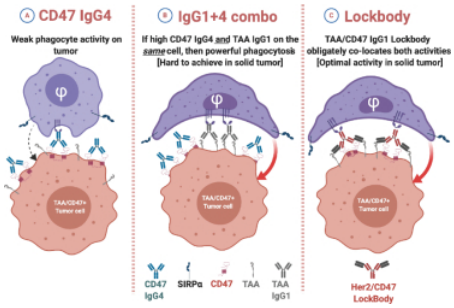


Figure 41: LockBody ameliorates 'the colocation conundrum'

LockBody CD3 under development for targeting of solid tumors by the innate immune system

Having created the CD47 LockBody, we recognized that this same principle could be productively applied to CD3 ligating tumor targeting agents. Bispecific antibodies that bind to a TAA and recruit killer t-cells via a constitutively active CD3 binding arm have also been used successfully in hematological cancers, leading to the approved product blinatumomab. Similar to CD47 agents however, they suffer from poor biodistribution (TAA sink, plus large secondary lymphoid CD3+ cell sink), toxicity driven by on target/off tumor activity and/or on tumor activity, coupled with excessive potency (cytokine storm). These factors have resulted in a paucity of positive outcomes in solid tumor clinical trials. To address all of these issues in a single agent, we have extended the LockBody design principle to create a 'monovalent' version, with CD3 as the locked mechanism of action. Lead molecules in this program are in the lead optimization phase.

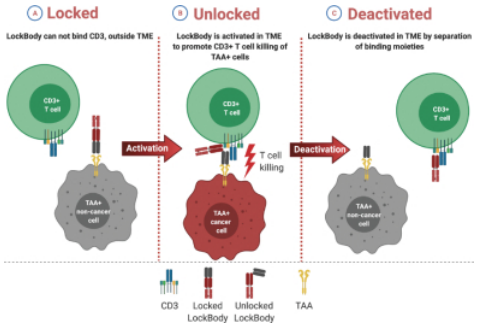


Figure 42: LockBody CD3 design principles and 'Unlocking-deactivating system'.

As illustrated in the figure above, CD3 is locked behind a well-tolerated targeting domain, with an effector null Fc domain, in a monovalent format. (A) When locked, CD3 LockBody CD3 can bind TAA+ non-cancer cells but does not engage CD3. (B) In the tumor microenvironment, LockBody is gradually unlocked by MMP and/or Cathepsin proteolysis, thereby allowing potent CD3 recruitment and potent T cell mediated killing. (C) LockBody CD3 then progressively becomes de-activated, minimizing risk of activated CD3 escaping into the non-diseased tissue.

Preclinical Data

In vitro data

Having initially observed that LockBody CD47 molecules were well expressed, soluble, stable and had mAb-like development characteristics, LockBody demonstrated that the *in vitro* function of the purified proteins supported the hypotheses outlined above.

Target interaction measurements

Purified Her2/CD47 LockBody was tested in locked and unlocked (activated using MMP12) forms using high-sensitivity Biacore technology. In this analysis, the locked form exhibited no measurable binding to CD47 protein, while the unlocked form demonstrated clear, high-affinity, concentration-dependent binding.

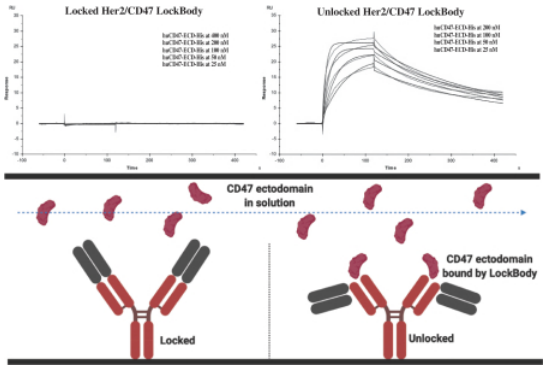


Figure 43: Her2/CD47 LockBody applied in Biacore in both locked and unlocked states were analyzed for the ability to bind human CD47 at concentrations ranging from 25 up to 400nM.

Her2/CD47 LockBody was also tested extensively in binding to CD47+, Her2- cells such as erythrocytes. These analyses demonstrated that neither the locked molecule nor Trastuzumab has ability to drive hemagglutination and neither agent shows measurable binding signal for erythrocytes in flow cytometry. Importantly, however, the IgG1 version of the CD47 antibody used in the LockBody exhibited strong erythrocyte binding.

Potency in locked and unlocked states

Her2/CD47 LockBody has been tested in phagocytosis of $Her2^{hi}/CD47^{hi}$ (BT474) and $Her2^{low}/CD47^{hi}$ (MCF-7) cells by primary human macrophages. These analyses demonstrated that the locked Her2/CD47 LockBody and Trastuzumab are functionally equivalent, driving only weak phagocytosis of BT474 and none for MCF-7. The unlocked Her2/CD47 LockBody drove potent, concentration-dependent phagocytosis that was equivalent to CD47 IgG4 on MCF-7 cells and significantly more potent on BT474.

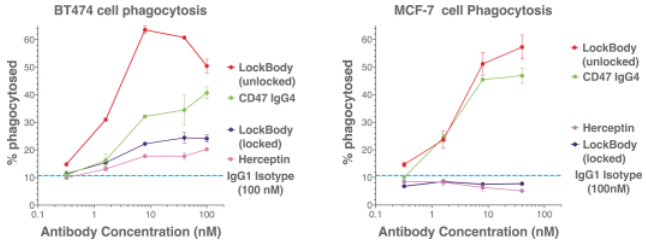


Figure 44: Primary human macrophage phagocytosis of BT474 and MCF-7 cells by Her2/CD47 locked and unlocked LockBodies, CD47 IgG4, Herceptin and IgG1 Isotype.

In vivo data

As *in vitro* analyses had suggested that the Her2/CD47 LockBody was stable, soluble and lacked binding to CD47+ cells in its locked form, we performed *in vivo* pharmacokinetic and tolerability studies in mice (note: the CD47 antibody in the LockBody is human/cyno/mouse cross-reactive and binds mouse erythrocytes strongly). To perform this study, we chose transgenic 'TG32' mice from Jackson laboratories (which express human FcRn) as these mice are associated with PK behavior for human antibodies that is more predictive of what happens in man than wild type mice. As the presence of human FcRn leads to lengthened exposure for human antibodies in the mouse, we reasoned that if the LockBody was unstable *in vivo* (in either plasma or tissue), it would A) cause hematological toxicity signals associated with CD47 antibodies such as anemia, and B) exhibit rapid clearance, which is also associated with CD47 antibodies. The Her2/CD47 LockBody and CD47 IgG1 (containing the same CD47 binding domain sequences as found in the LockBody) were dosed at 2 and 10 mg/kg. The 10 mg/kg dose of the CD47 IgG1 was not tolerated, while 2 mg/kg dose was tolerated but exhibited extremely rapid target-mediated clearance. The LockBody 10 mg/kg dose was generally well tolerated, as was the 2 mg/kg dose and both doses generated long, linear distribution with no evidence of target-mediated clearance. This led to a dramatic improvement in potential area under the curve (AUC) for LockBody over the CD47 IgG1. None of the tolerated doses led to significant drops in hemoglobin values, but the 2mg/kg dose of CD47 IgG1 did exhibit classical erythrocyte clearance indicators, such as elevated reticulocyte levels. These data demonstrated that the Her2/CD47 LockBody was generally well tolerated and stable *in vivo*, with antibody-like PK.

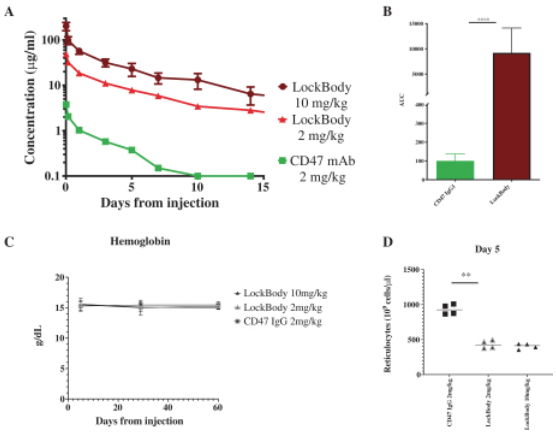


Figure 45: 'TG32' transgenic mouse (human FcRn) pharmacokinetics (A), exposure (B), hemoglobin levels (C) and day 5 reticulocyte levels (D) for Her2/CD47 LockBody at 2 and 10 mg/kg, and CD47 IgG1 at 2 mg/kg (10mg/kg dose not tolerated).

As PK and single-dose tolerability studies had been successful for Her2/CD47 LockBody, initial pharmacodynamic (PD) analyses were performed in NOD-SCID mice bearing established xenograft tumors generated from gastric cancer cell lines known to express both Her2 and CD47 targets. After 4 doses of vehicle, Trastuzumab or Her2/CD47 LockBody, again, no tolerability issues were observed, and mice did not develop anemia in any dosing group. Tumor samples were taken and used to perform immunohistochemistry analyses examining immune

infiltrates. The quantification of immune cell types demonstrated that the Her2/CD47 LockBody could induce increased total CD45+ leukocyte infiltration and increased CD11b+ inflammatory myeloid cell infiltration, when compared to both vehicle and Trastuzumab. Importantly, no increases were observed for CD206+ anti-inflammatory 'M2' type macrophage. This data demonstrated that the Her2/CD47 LockBody was generally well tolerated and stable *in vivo*, over multiple doses, but drove pro-inflammatory infiltration effects that were not observed for Trastuzumab when dosed head-to-head at equimolar concentrations. We believe this is evidence that the LockBody protein remains locked in the periphery but becomes unlocked in the tumor environment.

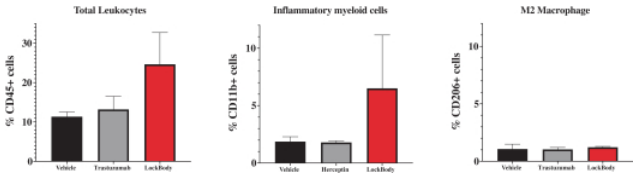


Figure 46: Tumor-infiltrating immune cell numbers (% total cells) in gastric cancer models in NOD-SCID mice.

Development Plan

LockBody is currently conducting IND-enabling activities for its programs, including preclinical evaluation and cell line development for LB1 and lead optimization and development for LB2. LockBody expects to submit an IND for LB1 in mid-to-late 2022. Subject to feedback from regulatory authorities, LockBody intends to commence its planned Phase 1 clinical trial for LB1 in mid-to-late 2022.

Orexia Therapeutics Limited

Introduction

Orexia Therapeutics Limited (Orexia) was created with a mission to develop innovative medicines that activate the orexin neurotransmitter system in the brain, a clinically elucidated target, with a focus on the treatment of narcolepsy and other neurological disorders. Orexia's co-founders include Medicxi and Sosei Heptares, a leading biopharmaceutical drug discovery and development company with proprietary structure-based drug design (SBDD) technology for G protein-coupled receptor (GPCR) targets including the orexin receptors. Orexia initially seeks to expand treatment options for patients with narcolepsy type 1(NT1), which is a chronic rare disease with high unmet medical need. Orexia is advancing an oral orexin agonist program for NT1, which we believe may offer improved tolerability and activity as compared to current therapies for NT1, as well as a novel orexin agonist approach for intranasal administration.

We believe that introduction of orexin agonists as novel therapeutics will represent a disruptive approach in the treatment of NT1 because orexin agonists, unlike any current marketed treatments, have the potential to directly address the underlying pathology of the disorder, which is the profound loss of orexinergic neurons. Orexia's exclusive collaboration with Sosei Heptares in the orexin agonist area provides access to unique structural biology technology coupled with SBDD, currently applied to the identification and optimization of molecules towards clinical candidates. The therapeutic potential for orexin agonists extends beyond NT1 into other rare primary hypersomnia disorders such as narcolepsy type 2 and idiopathic hypersomnia, and into a broad range of other indications characterized by excessive daytime sleepiness.

The Orexia team, which has been intensely focused on the discovery and development of orexin agonists and therapeutics targeting the Orexin Receptor-2 GPCR, provides differentiated leadership to advance Orexia's

programs through development. Orexia's Chief Executive Officer, Mario Alberto Accardi, Ph.D., who has a background in life sciences venture capital and has led the company since formation, co-founded Orexia based on the idea of leveraging novel structural biology approaches for the orexin receptors to help underserved NT1 patients benefit from potential best-in-class orexin agonists. Deborah Hartman, Ph.D., Orexia's Chief Scientific Officer, has advanced two orexin agonist molecules into the first clinical studies in NT1 and multiple other indications as the Global Program Lead at Takeda Pharmaceuticals, and she is now leading the orexin agonist drug development program at Orexia. Orexia's Head of Biology, Sarah (Sally) Wurts Black, Ph.D., led the *in vivo* effort for the orexin receptor modulator program at Reset Therapeutics based on her experience developing preclinical NT1 models and sleep/wake bioassays at Stanford University and SRI International. The Orexia team also has significant medicinal chemistry and computational chemistry experience on GPCR agonists which complements its unique orexin expertise. Dr. Emiliangelo Ratti, the former head of the Takeda Neuroscience Therapy Area which advanced the first orexin agonist clinical development program, is R&D Strategic Advisor to our programs.

Disease Overview

Narcolepsy is a lifelong, chronic neurologic disorder that affects the brain's ability to regulate the normal sleep-wake cycle. Narcolepsy is a chronic rare and debilitating disorder that is estimated to affect over 150,000 people in the United States and over three million people worldwide. It is estimated that less than 50% of affected patients are diagnosed. Narcolepsy symptoms usually start between 7-25 years of age, and diagnostic delays of 8-12 years are common.

NT1 affects approximately 50% of all narcolepsy patients, and is characterized by a diverse set of symptoms that include excessive daytime sleepiness (EDS), sleep paralysis, hallucinations upon waking up or falling asleep, disturbed nighttime sleep, and cataplexy, a sudden transient loss of muscle tone usually triggered by strong emotions. Cataplexy events are characterized as 'partial cataplexy' which produce muscle weakness in particular areas of the body such as the face, neck, or limbs, or 'complete cataplexy' which results in a full body collapse (see Figure 46). Even in the case of a full body collapse, the individual remains fully awake and aware of their surroundings but is unable to move. Cataplexy events usually resolve within several minutes, and the individual regains full control of their muscles. Impaired attention, vigilance, and ability to focus are also commonly reported as symptoms. For some individuals with NT1, related symptoms such as insomnia, weight gain, mood fluctuations and depression can have a significant debilitating impact on their lives. Narcolepsy can also occur without cataplexy which is referred to as narcolepsy type 2 (NT2). The NT2 population is more heterogeneous than NT1 and is associated with partial loss of orexin in approximately 30% of individuals. Some individuals with NT2 progress over time to a diagnosis of NT1, with the onset of cataplexy and greater loss of orexin.

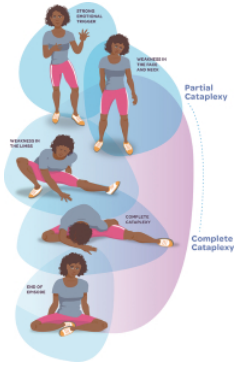


Figure 47: Illustration of cataplexy events associated with Narcolepsy Type 1.

NT1 is caused by the profound loss of orexin-producing neurons. Orexin, also known as 'hypocretin', is a key regulator of wakefulness and rapid eye movement (REM) sleep, and has been implicated in metabolism, behavioral arousal, and mood. We believe orexin agonists have the potential to treat a wide range of neurological disorders characterized by excessive daytime sleepiness, which are inadequately treated today, most notably NT1.

Orexia's orexin agonist program provides a potential 'replacement therapy approach' that could constitute a new paradigm in the treatment of NT1 by restoring orexin neurotransmission in the brain, and ultimately, addressing a broader range of NT1 symptoms than current therapies. Data from the first clinical studies evaluating an orexin agonist have been reported recently by Takeda, which demonstrated a statistically significant reduction of daytime sleepiness in individuals with NT1 and NT2, as well as enhanced wakefulness in sleep-deprived healthy adults. We believe these results suggest that orexin agonists may also have therapeutic potential in indications where patients are symptomatic despite normal orexin levels, or where there is only partial loss of orexin. In these studies TAK-925 was administered as a nine-hour continuous infusion, however Takeda has now also progressed an oral OX2R agonist, TAK-994, into Phase 2 studies. Orexia plans to explore orexin agonists in a wide range of disorders and neurodegenerative diseases, which may provide opportunities to address indications beyond NT1.

Current Treatments and Market Opportunity

Sales for narcolepsy treatments in the U.S. totaled approximately $1.8 billion in 2019, a figure which is expected to grow through investments in physician education and patient awareness that may lead to earlier and increased diagnosis rates, the introduction of innovative therapies with improved safety and efficacy profiles, and population growth.

While prevailing treatment approaches may address the symptoms of NT1, there are no currently approved therapies that address the loss of orexin, which is the underlying pathophysiology of the disorder. For NT1, the current treatment paradigm typically involves a polypharmacy approach to address EDS and cataplexy. There are currently eight medications approved for treatment of narcolepsy in the US which include traditional stimulants, wake-promoting agents, sodium oxybate and an antagonist/inverse agonist at histamine 3 (H3) receptors.

Three of these medications are approved for treatment of EDS and/or cataplexy in narcolepsy: WAKIX® (pitolisant), XYREM® (sodium oxybate), and XYWAV® (calcium oxybate; magnesium oxybate; potassium oxybate; sodium oxybate). Five additional medications are marketed for treatment of excessive sleepiness in narcolepsy: PROVIGIL® (modafinil); NUVIGIL® (armodafinil); RITALIN® (methylphenidate); ADDERALL® (amphetamine salts); and SUNOSI® (solriamfetol). All of these approved medications, except for WAKIX®, are scheduled as controlled substances. Other prescription drugs are used off-label for the treatment of either EDS or cataplexy in patients with narcolepsy, including stimulants for EDS and antidepressants for cataplexy. Some of the current therapies have significant side effects such as increased heart rate and blood pressure, or black box warnings due to the risk of respiratory depression, abuse and dependence, as well as the potential for rebound and withdrawal symptoms.

Despite the benefits of current treatments, these provide only moderate improvement in narcolepsy symptoms according to the American Academy of Sleep Medicine, and side effects may limit their use. Based on the overall benefit-risk assessment of current medications, the FDA Voice of the Patient report published in 2014 concluded that there is a continued need for additional effective and tolerable treatment options for patients with narcolepsy, and we believe that this unmet need persists today to a similar extent due to the lack of medications that treat the underlying orexin deficiency in NT1.

XYREM® (sodium oxybate, marketed by Jazz Pharmaceuticals plc) is a Schedule III controlled substance available only through a restricted access REMS program and which is currently marketed for the treatment of EDS or cataplexy symptoms in narcolepsy. Despite a black box warning, annual global sales for XYREM® reached $1.6 billion in 2019. WAKIX® (pitolisant, marketed by Harmony Biosciences) was recently approved in the U.S. and certain European countries for treatment of narcolepsy (EDS and cataplexy), with total revenue for the third quarter of 2020 reported at $45.6 million. The global narcolepsy drugs market size totaled approximately $2.4 billion in 2018 and is expected to reach $5.4 billion by 2026.

Our Product Candidates

Orexia is progressing two orexin agonist programs, one for orally administered treatments and the other for intranasally administered molecules, as novel treatments for NT1 with the potential to establish a new global standard of care. Intranasal administration may provide an additional option for patients, offering increased convenience and possibly faster onset of action. Orexia's lead molecules are designed to selectively target the Orexin Receptor-2 (OX2R). Both oral and intranasal programs are currently undergoing structure-based lead optimization to identify candidate molecules for clinical development.

Orexins, also known as 'hypocretins', are neuropeptides that regulate wakefulness and REM sleep. Orexin-A and Orexin-B, or hypocretin-1 and hypocretin-2, are two closely related orexin peptides that regulate the sleep-wake cycle and they project, or connect, to many regions of the brain including areas that control feeding, learning and memory, emotion and attention, metabolism and the endocrine system. Orexin peptides activate two orexin receptors, the Orexin Receptor-1 (OXR1) and OXR2. The orexin receptors have different and complementary distributions in the brain, suggesting they have distinct physiological roles acting through different neuronal pathways. Figure 2A below shows the orexin-producing neurons (yellow) located in the hypothalamus, which project to multiple regions throughout the brain. Orexin neurons release the neuropeptides Orexin-A and Orexin-B, which activate orexin receptors as indicated. The distribution of OX1R and OX2R is also illustrated. In NT1, the neurons that produce orexin (shown in yellow) are lost. Orexin agonists can potentially re-activate orexin receptors and restore orexin neurotransmission. Enhanced wakefulness has now been associated with OX2R agonist administration in individuals with NT1, in two clinical studies reported by Takeda Pharmaceuticals using TAK-925, providing clinical validation of the orexin hypothesis.

Orexin agonists have long been sought as the first therapeutic intervention that will directly address the underlying disease pathology of NT1, with the potential to re-activate orexin receptors which remain in the brain in postsynaptic neurons even after the loss of the natural orexin, as shown in Figure 48 below.

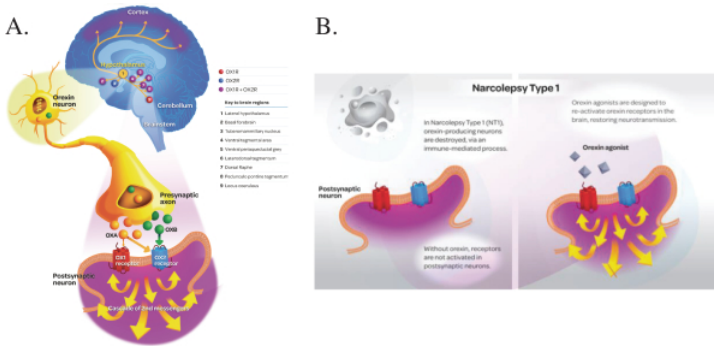


Figure 48: Schematic representation of the orexin neurotransmitter system.

In preclinical studies published or publicly disclosed by third parties, OX2R agonists enhanced wakefulness in both mice and non-human primates and reduced the frequency of cataplexy-like events in two different mouse models of NT1. The results from two Phase 1 clinical studies disclosed by a third party which evaluated a selective OX2R agonist, TAK-925, in individuals with NT1, showed substantial reductions in excessive daytime sleepiness as well as trends in reducing the frequency of cataplexy events. Additional TAK-925 results have been disclosed from a clinical study which demonstrated enhanced wakefulness in sleep deprived healthy volunteers, and from a study in individuals with NT2 which demonstrated reductions in excessive daytime sleepiness at somewhat higher doses than in NT1. The latter results provide clinical evidence that OX2R agonists can also enhance wakefulness in individuals with normal orexin levels, and therefore Orexia plans to evaluate OX2R agonists as potential therapeutic agents in disorders beyond NT1.

The orexin receptors are neuropeptidic GPCRs in the central nervous system and therefore represent a particularly challenging target for drug discovery. Indeed, one of the key challenges for a small molecule orexin agonist program is the design of a brain penetrant, highly potent and selective structure that can mimic the precise binding and activating properties of the native peptide, which is approximately seven-fold larger in size than the average small molecule drug.

Orexia seeks to unlock the potential of the OX2R via an advanced understanding of the receptor's structure through stabilization of the OX2R GPCR protein. GPCRs are inherently unstable proteins when isolated from the cell membrane. Structural and biophysical characterization of protein-drug interactions, however, requires the expression and often purification of stable protein with an appropriate structural conformation. Through a collaboration with Sosei Heptares, Orexia has exclusive access to a stabilized OX2R GPCR protein, known as StaR, which has enabled the determination of three-dimensional structures via X-ray crystallography, Cryo-EM and Biophysical Mapping™. This is achieved by engineering a small number of single point mutations outside of the ligand-binding site that enable the protein to retain its organized structure even after it has been removed from the cell membrane. The resulting stabilized StaR protein is more robust than the corresponding "wild-type", or unmutated protein and can be readily purified for use in a variety of hit discovery and biophysical approaches.

By leveraging the StaR protein, Orexia has exclusive access to a number of high-resolution OX2R co-crystal structures with small molecules and peptides, as shown in the exemplar figures below, which have enabled the discovery and design of highly potent OX2R agonists through SBDD.

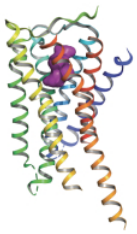


Figure 49A – Example X-ray structure of OX2R with small molecule orexin agonist (shown in purple)

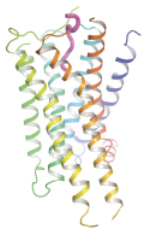


Figure 49B – Example Cryo-EM structure of OX2R with peptide agonist (shown in purple)

As part of its discovery efforts to support future innovation, Orexia has also collaborated with X-Chem, a pioneer of DNA-encoded chemical library (DEL), technology, to leverage its DEL platform to discover small molecule leads by screening hundreds of billions of novel lead-like small molecule compounds simultaneously. The collaboration resulted in the discovery of multiple novel hits, and it is the direct result of X-Chem screening its drug-like DNA-encoded libraries (DEX™) against the OX2R StaR® protein.

Preclinical Data

Orexia's OX2R agonists are being evaluated in preclinical mouse models of NT1 and are being designed with the aim to maximize benefit for reduced excessive daytime sleepiness and cataplexy, as well as potential reduction of additional symptoms, in individuals with NT1. Orexia is now in lead optimization phase with both oral and intranasal orexin agonist programs. Progress and selected preclinical results for each series are described below.

Oral Program

Orexia is in lead optimization phase with its first oral lead series, and has additional series under development. Our lead series is represented by an exemplar small molecule which showed agonist activity at the recombinant human OX2R overexpressed in CHO cells by calcium flux assay, as shown in the figure below.

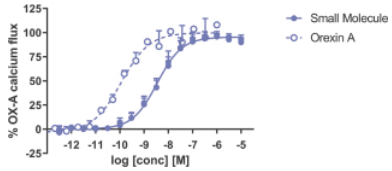


Figure 50: Exemplar Small Molecule *In vitro* OX2R functional profile. Agonist activity (Emax) was normalized to EC100 of natural peptide Orexin agonist Orexin-A (OX-A). Orexia's exemplar small molecule was observed to behave as a potent full agonist relative to OX-A.

Orexia's exemplar small molecule also showed dose dependent effects in increasing wakefulness in wild-type mice, and in the orexin/ataxin-3 narcolepsy model in which mice lose the ability to produce orexin, the latter of which is shown in Figures 51A and 51B below. Sleep/wake was measured using the PiezoSleep assay, a rapid, non-invasive method for classifying sleep and wakefulness by unsupervised machine learning on physiologically relevant readouts, such as body movement and breath rate. Piezoelectric detection is highly correlated with conventional time-intensive electroencephalogram/electromyography measures of sleep/wake states in both wild-type mice and in the narcolepsy mouse model with reference compounds. Orexia is currently optimizing metabolic stability, CNS penetration, and efflux parameters to identify potent, selective OX2R agonists for oral administration.

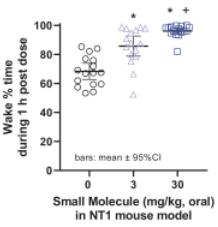


Figure 51A – Exemplar small molecule exhibited *in vivo* activity by a dose-dependent increase in time spent awake after oral dosing in NT1 mice.

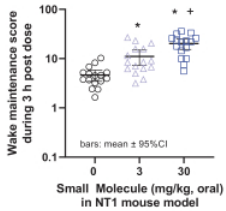


Figure 51B– Exemplar small molecule exhibited *in vivo* activity after oral dosing by a dose-dependent increase in the consolidation of wakefulness, as measured by the wake maintenance score.

Intranasal Program

Orexia is also in lead optimization phase with proprietary peptide series and in addition, we are exploring an earlier stage intranasal small molecule series. In the intranasal peptide program, the key focus is on achieving high potency, good CNS penetration and good solubility to facilitate delivery of pharmacologically active doses to the nasal cavity in small dosing volumes. One of Orexia's peptide series is represented by an exemplar peptide which showed agonist activity in the calcium flux assay in CHO cells expressing recombinant human OX2R, as illustrated by Figure 52 below.

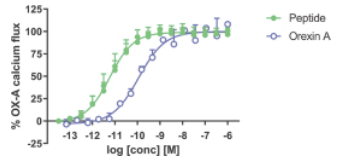


Figure 52: Exemplar Peptide *In vitro* OX2R functional profile. Agonist activity (Emax) was normalized to EC100 of natural peptide Orexin agonist Orexin-A (OX-A). Orexia's exemplar peptide was observed to behave as a potent full agonist relative to OX-A.

Intracerebroventricular (ICV) drug administration consists of a direct injection of the drug into the brain. Several lead peptides were associated with increased wakefulness in wildtype mice when administered ICV, as shown in Figure 53 below for an exemplar peptide. Sleep/wake was measured using the PiezoSleep assay. These peptides and related molecules are currently being evaluated using an intranasal administration method in mice that promotes drug delivery to deep nasal cavities, to mimic the drug delivery mechanism in the Optinose device. Preliminary CMC work and a broad assessment of lead peptides is underway to evaluate brain penetration, formulation options, and *in vivo* activity following intranasal dosing.

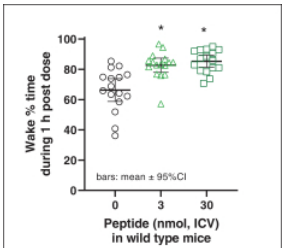


Figure 53 - Exemplar peptide exhibits *in vivo* activity by increasing time spent awake after ICV injection.

To maximize the efficiency of intranasal delivery, Orexia has exclusively licensed Optinose's Bi-Directional Exhalation Delivery Systems, specifically for use with orexin agonists. The Optinose devices are designed to deliver drugs into the upper nasal passages with potential improvement as compared to traditional spray pumps and pressurized metered-dose aerosols.

Development Plan

Orexia's key objectives include aiming to select a number of promising molecules for broader profiling, to enable start of pre-IND work in mid-to-late 2022. Orexia plans to explore opportunities to apply its structural biology technology to provide further insights into the orexin receptor binding pocket, and to develop differentiated molecules designed to address potentially different target product profiles. Beyond NT1, Orexia intends to explore additional indications in which orexin agonism may yield therapeutical benefit.

Janpix Limited

Introduction

Janpix Limited (Janpix) is focused on discovering and developing a novel class of small molecule protein degrader therapeutics which are designed to covalently and selectively bind to target proteins and thereby degrading them. We believe that these monovalent small molecule protein degraders may have significant advantages over existing approaches, allowing therapies to target certain proteins that have been historically considered "un-druggable". Janpix is developing dual degraders of Signal Transducer and Activator of Transcription proteins 3 and 5, known as STAT3 and STAT5, for the treatment of hematological malignancies, including leukemias and lymphomas. While STAT5 has been historically more difficult to target partly due its inherent instability, to the best of our knowledge, Janpix is developing the most advanced molecules capable of targeting both STAT3 and STAT5.

In leukemias and lymphomas, STAT5 upregulation is believed to be a compensatory mechanism for STAT3 inhibition and vice versa. Thus, dual targeting of STAT3 and STAT5 may deprive the cancer cell of an escape mechanism, giving it less opportunity for generating resistance to Janpix's product candidates. This simultaneous knockout of both STAT3 and STAT5 differentiates the Janpix molecules from other approved or investigational therapies.

Janpix was founded by Patrick Gunning, Ph.D., a full professor of chemistry at the University of Toronto and Canada Research Chair in Medicinal Chemistry, and whose more than 15 years of research in the STAT field forms the scientific foundation of Janpix. Notebaly, Patrick's team was the first to resolve the structure of human STAT5 and its disease-driving mutant, STAT5N642H. Since its inception, Janpix has been led by Roman Fleck, Ph.D., whose 22 years of industry experience includes pharmaceutical drug development, venture capital investing, and leadership in biotech. Janpix has also recently assembled a clinical advisory board with world renowned heme-oncologists in order to help with selecting the best initial indications to advance its molecules into clinical development.

Disease Overview

Leukemia and lymphoma are two types of hematopoetic cancers, affecting an estimated 150,000 new patients in 2020 in the U.S. alone. Leukemia occurs when the bone marrow produces too many abnormal, non-functional white blood cells, eventually outcompeting normal white and red blood cells. Lymphoma disease affects the lymph nodes and lymphocytes, which are a type of white blood cell, ultimately causing immune disregulation and immune cell infiltration which results in serious infections and respiratory failure, among others. Leukemia and lymphoma are classified depending on origin of the cancer cell and rate of growth.

Acute myeloid leukemia (AML) is one of the most common forms of leukemia, accounting for 33% of all new leukemia cases in 2020. Globally, the incidence rate of AML has increased gradually in the past 28 years from approximately 64,000 cases in 1990 to 120,000 cases in 2017, with an estimated 45,000 new cases of AML in the U.S. and E.U. combined in 2020. This incidence rate is expected to increase as secondary AML, which is AML resulting from cancer chemotherapy treatment, is significantly on the rise. AML is increasingly difficult to treat the older the patient is at diagnosis, with less than 10% of patients over 65 years surviving five years or longer. The overall survival rate for AML is poor, expected to be less than 28% overall. Other, rarer forms of leukemias such as T-cell Acute Lymphocytic Leukemia (T-ALL), Tcell Prolymphocytic Leukemia (T-PLL) and Large Granular Lymphocytic Leukemia (LGLL) may also benefit from STAT3/STAT5 inhibition. Janpix intends to develop a biomarker strategy to stratify patient populations considering this particular MOA. Janpix is also investigating the potential of its molecules on lymphomas where there is a strong scientific rationale for STAT degraders to work.

Current Treatments and Market Opportunity

While AML has a relatively small market size compared to other leukemias such as chronic lymphocytic leukemia (CLL), this is merely a reflection of the relative lack of viable treatment options currently available. As a result, we believe that newly approved drugs for AML are expected to significantly expand the market which is expected to grow from $1.5 billion in 2019 to $3.6 billion by 2027. In particular, in the elderly AML patient population, which is less likely to tolerate standard chemotherapy, a new effective treatment could capture a significant portion of that segment in the AML market.

Until recently, therapeutic options to treat AML have been limited primarily to cytotoxic chemotherapy drugs, many of which are now generic. Marginally better outcomes over the years were accomplished through improvements in supportive care and modifications to dosing and scheduling of existing drugs. However, since 2018, newly approved treatment options, including venetoclax (BCL-2), midostaurin (multikinase) and gilteritinhib (FLT3-ITD) have become available, with the majority of new drugs targeting specific gene mutations and/or pivotal cell survival pathways. As a result, the market size for AML has been expanding significantly and is expected to further grow as more branded drugs become available.

Despite significant efforts to develop new drugs for the treatment of AML, each of the therapeutics currently approved in the U.S. conveys either significant side effects or may show a relatively short duration of response as treatment resistant cancer cell populations arise. As a result, while efficacy has been demonstrated for the currently approved drugs, overall survival rates for AML patients remain low, especially in the elderly, further underscoring a need to improve both long-term survival rates and the quality of life for patients undergoing treatment. Most patients undergoing treatment will relapse between 12-18 months. For younger patients, allogeneic cell transplant is a treatment option of last resort.

The market size for the rarer tumors, such as T-PLL and LGLL, is comparatively small given the lack of accepted standard of care in these indications. We believe the incidence rate for these rarer tumors is less than 1,000 new cases in U.S. each year. Nevertheless, such indications may offer more straightforward clinical development with smaller patient cohorts. If a treatment for such rare tumors becomes the standard of care we expect that such treatment may capture a large segment of this market.

In the protein degradation space, to our knowledge, there are no other disclosed STAT5 protein degrader programs. In the STAT3 degrader space, Oncopia Therapeutics (which is now a part of Roivant) and Kymera have recently developed a PROTAC class of compounds for degradation of STAT3 and such molecules are expected to enter clinical trials in the foreseeable future.

Our Product Candidates

In preclinical studies, Janpix's STAT3/5 degraders have been observed to demonstrate biological activity against a number of malignant diseases, including hematopoietic tumors. While STAT3-only inhibitors have been shown to be active in a variety of tumors, STAT5 as a target has been mainly well elucidated in hematopoietic malignancies and prostate cancer. For example, in BCR-ABL+ leukemias, a high pSTAT5 expression is a mechanism for Imatinib resistance in CML. Given the dual selectivity of our molecules, as well as the fact that STAT3 suppression has been observed to lead to STAT5 up-regulation and vice versa, we chose to first develop our compounds in leukemias and lymphomas. Specifically, blood cancers such AML as well as T-ALL, T-PLL, and LGLL have emerged as indications where the Janpix compounds have demonstrated robust activity in preclinical and primary patient sample testing. Indications include FLT3-ITD signals through STAT5, STAT2, STAT3, and STAT4. STAT5 plays an essential role in T-PLL.

Janpix's initial program focuses on STAT cytosolic proteins, a family consisting of seven mammalian members, STAT1 through STAT4, STAT5A/B and STAT6. In particular, STAT3 and STAT5 play a key role in regulating cell cycle, apoptosis and proliferation, and their up-regulated activity is implicated in numerous malignant diseases. Aberrant STAT3 and STAT5 activity is widely recognized as a critical molecular abnormality and thus a master regulator of tumor processes, which we believe makes STAT proteins attractive targets. For example, several studies report the high incidence of hyperactivated of STAT5 in AML and other hematopoietic cancers. Furthermore, it has been observed that inhibiting just one of the proteins, STAT3 or STAT5, may lead to up-regulation of the other protein providing an escape mechanism for the cell. These observations signal that targeting both proteins may be a more effective strategy compared to inhibiting or degrading either one.

Janpix discovered that its molecules not only suppress STAT phosphorylation but may also conformationally destabilize and eventually degrade target protein, akin to proteolysis targeting chimera (PROTAC). Janpix's molecules are differentiated in their smaller size and more drug-like properties, and do not depend on an enzymatic cascade to achieve protein degradation. Removing the functional protein instead of simply disrupting protein phosphorylation, like an upstream JAK-kinase inhibitor would, is expected to lead to greater activity with a lower likelihood of resistance formation. In addition, given that cells require several days to resynthesize STAT proteins, we believe that our programs may drive an extended pharmacodynamic effect, with the potential for a more durable response and longer dosing intervals where Janpix's inhibitors could potentially be administered on a weekly or bi-weekly interval without lapse in coverage or efficacy.

Janpix discovered that its molecules not only suppress STAT phosphorylation but may also conformationally destabilize and eventually degrade target protein, akin to PROTAC. Diverse functions of STAT3/5 in tumor biology, evasion of immune surveillance by tumor cells, and inflammatory processes provide opportunities to address malignant diseases from a number of approaches. The JAK-STAT pathway has been partially addressed with several clinically successful JAK inhibitors, but there are currently no drugs that specifically target STAT3/5. As STAT proteins are also activated by a number of proteins different from the JAK's, degraders of STAT 3/5 may exhibit a differentiated pharmacological profile. Therefore, we believe that STAT3/5 degraders may provide a novel solution to develop targeted and specific drugs to address malignant pathologies. We believe that Persistent STAT activation is associated with anti-tumor immunity.

Preclinical Data

Janpix generated data with an initial hit compound in an AML solid tumor xenograft model, whereby compound was injected subcutaneously and was associated with significantly suppressed tumor volume (>70% tumor growth inhibition (TGI)) and elimination of STAT5, as assessed by Western Blot analysis, in the excised tumors. No toxicity was observed with treated group gaining weight.

Early lead compound JPX-700 (5 mg/kg, dialy i.p. dosing) was assessed in an AML luciferase model (MV4;11) and was observed to significantly reduce leukemic burden and suppress tumor dissemination to both the lung and liver, as shown in the figure below.

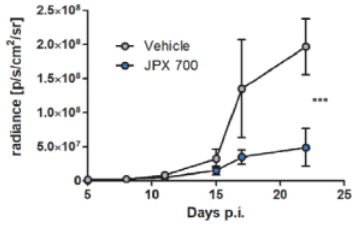


Figure 54: JPX class inhibitor observed to suppress leukemic burden in MV4;11 luciferase model

Compared to standard AML cell lines, an advanced lead Janpix compound demonstrated similarly low nM potency in 15/15 primary AML blasts and TPLL patient samples including those with poor prognostic markers. The same lead compound was shown to have activity in primary patient samples resistant to Venetoclax. The same compound exhibited a large therapeutic window for AML/T-PLL cell lines versus pooled human fibroblasts, peripheral blood mononuclear cells and hematopoietic stem cells (ca 100 fold).

JPX-0700 was evaluated in a 14 day tolerability study in mice versus vehicle. The compounds were well tolerated with no body weight loss over the two-week period. At the end of the study, we did not observe any overt toxicity in the peritoneal cavity. Organ weights of liver, kidney, spleen and colon remained unchanged and a preliminary hematologic evaluation showed no significant effects.

Development Plan

Janpix is currently in the final stages of lead optimization for its STAT3/5 degrader program and expects to select a preclinical development candidate in mid 2021. Janpix's lead intravenous STAT3/5 program is currently in preclinical development, and we expect to submit an IND to the FDA in mid-to-late 2022. We expect that the first selected candidate will be intended for intravenous use, and may be followed by an oral candidate. In

addition to AML models, Janpix intends to explore the potential of its STAT3/5 degrader program in other hematopoietic cancers, myeloid as well as lymphoid disease. Janpix's first trial is expected to be in a leukemic cancer to be followed by a lymphoma indication approximately six months later.

PearlRiver Bio GmbH

Introduction

PearlRiver Bio GmbH (PearlRiver Bio) aims to improve treatments for cancer patients by developing novel, precision medicines that target the tumors of patients with unmet medical need. PearlRiver Bio is developing small molecule kinase inhibitors, designed to inhibit difficult-to-treat epidermal growth factor receptor (EGFR) mutations that are resistant to currently available therapies. Its proprietary scientific platform allows PearlRiver Bio to design potential best-in-class therapeutics that selectively target difficult-to-treat oncogenic kinases that are the mechanistic drivers of disease with the potential to bring safe and effective medicines to patients. PearlRiver Bio's lead program targeting exon 20 mutations aims for highly potent and selective, oral, exon 20 insertion mutation inhibitors that have a robust therapeutic window over wild type EGFR and optimal pharmacokinetics. PearlRiver Bio's second program targeting C797S mutations aims to develop a potentially first-in-class EGFR inhibitor with an innovative mechanism of action to overcome osimertinib resistance. In addition to the exon 20 frontrunner and C797S development programs, PearlRiver Bio has built a proprietary platform technology intended to support the design of next generation EGFR inhibitors.

The PearlRiver Bio leadership team and extended team have a combined experience of more than 65 years in the study of cancers, including EGFR related cancer. Dr. Joseph Birkett joined in June 2020 as Chief Executive Officer of PearlRiver Bio and brings with him a wealth of experience in oncology research and development spanning 20 years, taking assets from preclinical development through to regulatory approval, including the anti-CD20 obintuzumab and the BTK inhibitor CALQUENCE® (acalabrutinib) across several indications. Dr. Birkett is joined by Dr. Johannes Heuckmann, Chief Scientific Officer, who is a serial entrepreneur with a focus on targeting resistance mutations and diagnostics, Dr. Carsten Schultz-Fademrecht, Vice President of Chemistry, who has more than 15 years of extensive industry experience in medicinal chemistry and Dr. Jonas Lategahn, Head of Chemical and Structural Biology. The PearlRiver Bio team is supported by several internationally recognized advisors and co-founders of PearlRiver Bio, including Professor Roman Thomas of the University of Cologne, who has worked on the genetics and biology of lung cancer for more than 15 years and was part of the team discovering the oncogenic nature of exon 20 mutations of ERBB2/Her2, Professor Daniel Rauh of TU Dortmund University, who has more than 20 years of experience in the field of structural biology, chemical biology and medicinal chemistry, and Professor Martin Sos of the University of Cologne, who has more than a decade of research defining EGFR disease biology. The depth of experience of the PearlRiver Bio team is further complemented by a world class scientific advisory board whose current members are thought leaders in their respective fields in lung cancer and in Tyrosine Kinase Inhibitors (TKI) development.

Disease Overview

With approximately 1.8 million deaths reported per year, lung cancer is the leading cause of cancer deaths worldwide. Non-small cell lung cancer (NSCLC) accounts for approximately 85% of all lung tumors with over two million new cases diagnosed globally in 2018. The advent of next generation sequencing has enabled the discovery of specific genomic alterations, mostly affecting kinase genes, and which lead to the dependency of the tumor cells bearing those alterations on the mutant kinase. The availability of small molecule kinase inhibitors targeting these activated kinases has caused an unprecedented shift in paradigm for the treatment of lung cancer. While patients whose tumors carry non-mutated, or "wild-type" kinases are treated with conventional therapy, patients with mutated kinases are treated with targeted kinase inhibitors, an approach often known as precision medicine.

One of the most frequently mutated kinases in lung cancer is EGFR and patients with mutant EGFR can be treated with EGFR inhibitors with high therapeutic efficacy and limited side effects. Nevertheless, subsets of

EGFR mutations confer resistance to the currently available EGFR inhibitors, requiring later-line options when tumors become refractory to treatment. Furthermore, certain subtypes of NSCLC, including those harboring EGFR exon 20 insertion mutations that induce upfront resistance to currently approved EGFR kinase inhibitors, lack clinically meaningful treatment options. The illustrations below provide an overview of EGFR mutations in NSCLC.

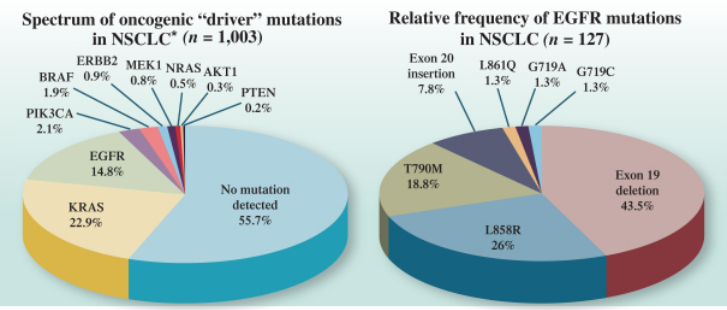


Figure 55: Overview of EGFR mutations in NSCLC.

EGFR exon 20 insertion mutations are estimated to account for between 4-12% of all *EGFR* mutations in NSCLC patients. These mutations are clustered around amino acids 762 and 775 and cause constitutive activation of the mutant kinase. Exon 20 mutations of EGFR are oncogenic in cellular and mouse models. These mutations cause experimental dependency on the activated kinase and are associated with resistance to all currently approved EGFR inhibitors, including first-generation EGFR inhibitors such as gefitinib and erlotinib, second-generation EGFR inhibitors such as afatinib, neratinib and dacomitinib as well as third-generation EGFR-TKIs such as osimertinib. Thus, given the lack of effective therapies for patients with exon 20 -mutant lung cancer, development of effective therapies for patients with EGFR exon 20 mutant lung cancer represents a great unmet need. To date, there are no molecularly targeted drugs approved to treat tumors harboring exon 20 insertions in EGFR, although there are several drugs currently being tested in the clinic.

The approval of osimertinib (marketed as TAGRISSO® by AstraZeneca) in 2018 transformed the frontline treatment of lung adenocarcinoma patients, whose tumors harbor the most common activating EGFR mutations. However, resistance to osimertinib is becoming an increasing challenge in first-line and second-line treatment.

Mechanisms of resistance to osimertinib are heterogeneous and include on-target EGFR in the form of additional EGFR mutations such as C797X, and off-target, in the form of activation of alternative pathways such as MET, alterations. The distribution of resistance mutations and activated bypass pathways differs depending on first-line or second-line treatment with osimertinib. The illustration below provides an overview of osimertinib resistance mutations in NSCLC.

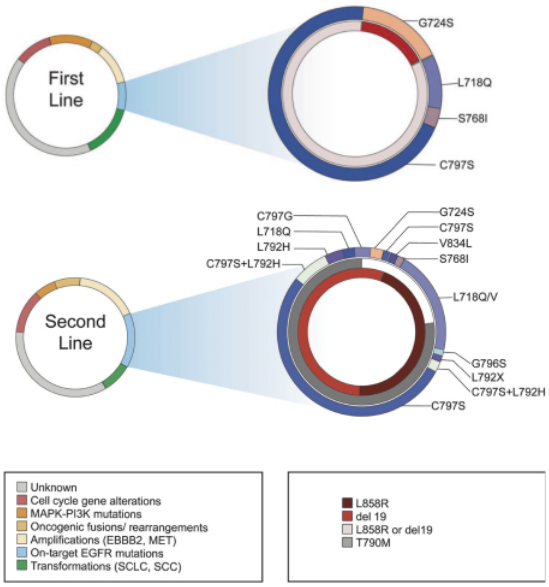


Figure 56: Overview of osimertinib resistance mutations in NSCLC.

A high unmet need exists to design and develop new drugs to treat patients with osimertinib resistance and we believe that PearlRiver Bio's C797S program is well-positioned to develop a potential first-in-class/best-in-class EGFR inhibitor with an innovative mechanism of action to overcome osimertinib resistance.

Current Treatments and Market Opportunity

Exon 20 Mutation Landscape

There are currently no approved therapies for the treatment of patients with EGFR exon 20 insertion mutations in NSCLC, which we believe represents an opportunity for the development of potentially best-in-class drugs. At the same time, mutant EGFR is a well elucidated drug target, which we believe may reduce the risks associated with erroneous target hypotheses.

Drugs currently being tested in the clinic and considered to be most advanced in development include Takeda's mobocertinib (designated as TAK-788), an oral EGFR/HER2 inhibitor, and Johnson & Johnson's amivantamab, a fully human EGFR and mesenchymal epithelial transition factor (MET) bispecific antibody. In addition, there are several other companies with earlier stage programs exploring EGFR exon 20 insertions, including Cullinan Oncology, Black Diamond Therapeutics, ORIC Pharmaceuticals and Capella Therapeutics, that have either recently entered the clinic or will soon enter the clinic.

C797S Mutation Landscape

The third-generation EGFR-TKI, osimertinib, has revolutionized the first line treatment setting for NSCLC patients harboring EGFR L858R mutations or exon 19 deletions. This class of EGFR TKIs effectively prevents a steric clash with the gatekeeper mutation EGFR-T790M that frequently evolves during treatment with first- or second-generation EGFR inhibitors leading to resistance to therapy. In comparison to first- and second-generation EGFR-TKIs, patients receiving osimertinib show higher response rates and a longer PFS. However, most patients will develop resistance to osimertinib, with the C797S mutation of EGFR being the most-frequent on-target resistance mechanism that prevents the irreversible binding of osimertinib in the ATP binding pocket of EGFR kinases. This effect strongly limits the activity of osimertinib (and other third-generation EGFR inhibitors such as, nazartinib, lazertinib) and therefore presents another high unmet need to overcome resistance to therapy.

Currently, there are no approved therapies for patients that acquire EGFR-C797S mutations during osimertinib therapy and several companies are developing drugs in this space, including Boehringer Ingelheim, Blueprint Medicines and Chugai Pharmaceutical.

Our Product Candidates

PearlRiver Bio's proprietary discovery platform allows for the design of molecules that selectively target kinase drivers of disease resistance with the goal of bringing safe and effective medicines to patients. While the main target of EGFR inhibitors is the mutant version of the kinase, off-target effects mainly affect the non-mutated form of EGFR. These off-target effects contribute to most of the toxicity associated with EGFR inhibitors observed in the clinic. Furthermore, lack of potency on the mutant kinase may also be considered a potential liability, as insufficient target inhibition permits the emergence of resistance.

PearlRiver Bio seeks to develop potentially best-in-class molecules that are highly selective and potent against their respective mutated targets while sparing wild-type EGFR, in order to avoid the known side effects associated with EGFR inhibitors, such as diarrhea, nausea/vomiting and rash.

Exon 20 Program

Exon 20 insertions are estimated to account for between 4-12% of all EGFR mutations and represent a diverse group of insertions with more than 100 different EGFR exon 20 insertions that have been described in the literature to date. Through enhancing and optimizing chemical structure, PearlRiver Bio's exon 20 program aims for highly potent, oral, exon 20 insertion mutation inhibitors to target all relevant exon 20 insertion mutations with a robust therapeutic window over wild type EGFR and optimal pharmacokinetic properties. In addition to inhibiting EGFR, most of the PearlRiver Bio exon 20 frontrunner molecules also show robust inhibition of exon 20 insertions in ERBB2/Her2, highlighting the potential to further expand the target patient population to NSCLC patients harboring exon 20 insertions in ERBB2/Her2. Lung cancers that have mutations in exon 20 of ERBB2/Her2 occur at a frequency similar to that of those with EGFR exon 20 insertion mutations. Thus, inhibitors with dual activity against both types of exon 20 mutations may offer the advantage of expanding the number of patients that can benefit from PearlRiver Bio medicines. The exon 20 program is currently in lead optimization stage.

Approximately >45% of EGFR mutant NSCLC patients develop central nervous system (CNS) metastases at a three-year timepoint after diagnosis/treatment, highlighting that CNS disease is a high unmet need in NSCLC.

The current exon 20 frontrunner program has not yet, to date, demonstrated blood-brain barrier penetration. Therefore, PearlRiver Bio plans to initiate a back-up program to develop molecules targeting exon 20 insertion mutations with blood-brain barrier penetration and this program is currently in discovery phase.

C797S Program

PearlRiver Bio is evaluating approaches with novel mechanisms of action for targeting not only C797S but also the most common activating EGFR mutations, L858R and exon 19 deletion, individually. The EGFR-C797S mutation is the most frequently observed recurrent mutation affecting the drug target itself, following treatment with and causing resistance to osimertinib. PearlRiver Bio's C797S inhibitors are designed to potently inhibit C797S mutant EGFR, as well as L858R and exon 19 deletions only. The C797S program is currently in lead optimization stage.

ERBBinator Platform to Identify Next Generation EGFR TKIs

In addition to the exon 20 frontrunner and C797S development programs, PearlRiver Bio has built a proprietary discovery platform technology, referred to as ERBBinator, which is intended to support the design of next generation EGFR inhibitors. This platform is being developed for the prediction of possible resistance mutations and ultimately for the design of next generation EGFR TKIs with new binding modes that exhibit a reduced likelihood of triggering the emergence of resistance mutations to begin with. The platform can also be utilized to explore resistance mutations across currently available EGFR inhibitors, such as competitor molecules, and therefore permits optimized development towards best-in-class molecules and ultimately more durable responses in the clinic. Currently, ongoing activities for the ERBBinator are at screen and hit selection stage, including medicinal chemistry and compound synthesis, in an effort to validate the platform.

Preclinical Data

Exon 20 Program

Results from *in vitro* experiments show that PearlRiver Bio exon 20 inhibitors potently inhibited the proliferation of BaF3 cells transformed by EGFR exon 20 insertion mutations. This high potency was observed across the most relevant exon 20 insertion mutations, which in total represent more than 75% of all insertions in this heterogeneous group of mutations. Furthermore, PearlRiver Bio's inhibitors prevented the proliferation of patient-derived lung cancer cells bearing EGFR exon 20 insertions. In addition, the PearlRiver Bio molecules have limited activity on wild-type EGFR, as illustrated by the below graphic comparing the therapeutic index of one PearlRiver Bio molecule against certain other EGFR-targeting molecules. The therapeutic index compares the amount of a therapeutic agent that causes the therapeutic effect to the amount that causes toxicity.

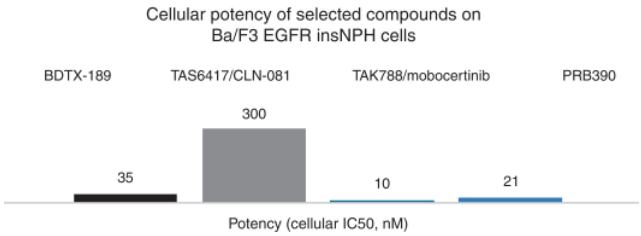


Figure 57: Cellular potency of selected compounds on BA/F3 EGFR.

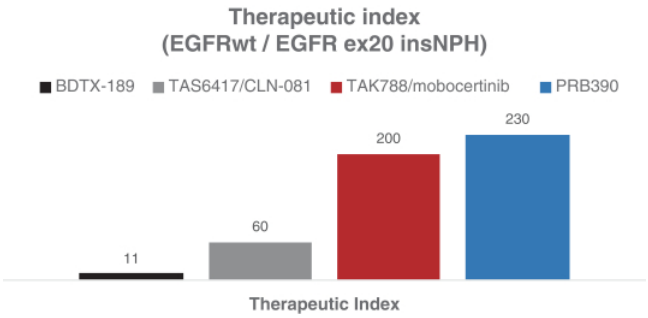


Figure 58: PRB390 Demonstrated a Favorable Therapeutic Index When Compared to Competitor Molecules.

C797 Program

In preclinical experiments, PearlRiver Bio's lead molecules showed favorable PK properties and supported a new mechanism of action to target mutant EGFR. As in its exon 20 program, PearlRiver Bio's inhibitors in the C797S program were observed to be highly potent on the desired mutant kinase while exhibiting only marginal potency on wild-type EGFR, thus demonstrating a robust therapeutic index in respect to wild-type EGFR. We believe that these observations may translate into the identification of a molecule that would be well-tolerated in lung cancer patients.

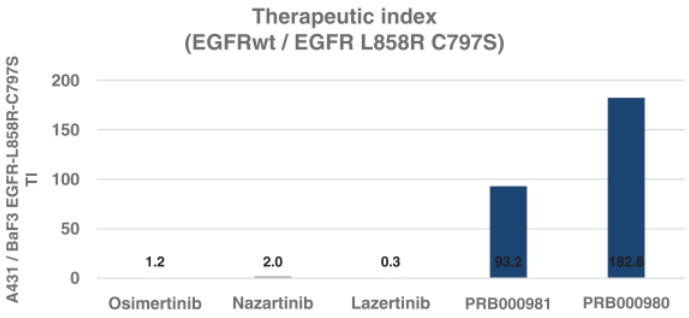


Figure 59: PRB980 and PRB981 Demonstrated a Favorable Therapeutic Index When Compared with Competitor Molecules.

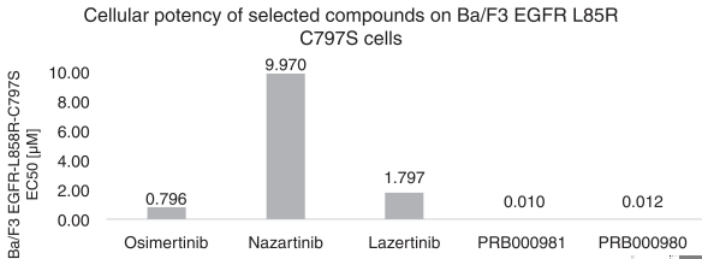


Figure 60: Cellular potency of selected compounds on Ba/F3 EGFR L858R C797S cells.

Development Plan

PearlRiver Bio's exon 20 insertion mutation inhibitor program is currently in lead optimization. We expect candidate selection to occur in mid-to-late 2021.

PearlRiver Bio's C797S program is currently in lead optimization. We expect candidate selection to occur in mid-to-late 2022. The EGFR-Next Generation program is currently in the discovery phase with lead selection anticipated in mid-to-late 2022.

Competition

The biotechnology and pharmaceutical industries are characterized by the rapid evolution of technologies and understanding of disease etiology, intense competition and a strong emphasis on intellectual property. We believe that our differentiated business model, approach, scientific capabilities, know-how and experience provide us with competitive advantages. However, we face, and will continue to face, competition from companies focused on more traditional therapeutic modalities. We expect substantial competition from multiple sources, including major pharmaceutical, specialty pharmaceutical, and existing or emerging biotechnology companies, academic research institutions, governmental agencies and public and private research institutions worldwide. Many of our competitors, either alone or through collaborations, 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 companies also compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and recruiting patients in clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. As a result, our competitors may discover, develop, license or commercialize products before or more successfully than we do. The key competitors with whom each of our subsidiaries are competing or may in the future compete are described in the respective sections for such subsidiaries.

We also face competition more broadly with companies that have adopted business models similar to ours. Such companies' strategies typically involve efforts to form or seek strategic alliances, create joint ventures or collaborations, or enter into licensing arrangements with third parties for programs, product candidates, technologies or intellectual property that can be further advanced through development. We face significant competition in seeking appropriate strategic partners and licensing and acquisition opportunities, and the negotiation process is time-consuming and complex. Such companies include Cullinan Oncology, Inc. and BridgeBio Pharma, Inc. and Roivant Sciences Ltd. As a result, we may not be successful in our efforts in

building a pipeline of product candidates through acquisitions, licensing or through internal development or in progressing these product candidates through clinical development. Although our subsidiaries' research and development efforts to date have resulted in the identification, discovery and preclinical and clinical development of certain product candidates, these product candidates may not be safe or effective as therapies, and we may not be able to develop, in-license or otherwise acquire any other product candidates.

Manufacturing

We do not own or operate, and currently have no plans to establish, any manufacturing facilities. We currently depend on third-party CMOs, for all of our requirements of raw materials, drug substance and drug product for our preclinical research and our ongoing clinical trials of our product candidates. Other than as discussed below, most of our subsidiaries have not entered into long-term agreements with our current CMOs. We generally intend to continue to rely on CMOs for later-stage development and commercialization of our product candidates, including any additional product candidates that we may identify. Although we rely on CMOs, we have personnel and third-party consultants with extensive manufacturing experience to oversee the relationships with our contract manufacturers.

Sales and Marketing

We intend to begin building a commercial infrastructure in the United States and selected other territories to support the commercialization of each of our product candidates when we believe a regulatory approval in a particular territory is likely. We intend to conduct market research in connection with designing our commercialization strategy for each of our product candidates, which strategy may depend on the size and geographic dispersion of the target patient population and the characteristics of the prescribing audience for our products, if approved. For example, certain of our product candidates that target diseases with a limited patient population, a concentrated prescribing audience and a small number of key opinion leaders who influence the treatments prescribed for the relevant patient population, we may address each such market using our own targeted, specialty sales and marketing organization supported by internal sales personnel, an internal marketing group and distribution support. For other product candidates, we may establish a larger and more dispersed salesforce, or seek strategic collaborations to support our commercialization efforts.

We intend to evaluate our commercialization strategy as we advance each product candidate through clinical development. In any core markets outside of the United States that we may identify, where appropriate, we may utilize strategic partners, distributors or contract sales forces to expand the commercial availability of our product candidates.

Intellectual Property and License Agreements

We strive to protect the proprietary technology that we believe is important to our business, including seeking and maintaining patents and patent applications intended to cover our product candidates and compositions, their methods of use and processes for their manufacture, and any other aspects of inventions that are commercially important to the development of our business. We have entered into various license agreements to obtain the rights to use certain patents for the development and commercialization of our product candidates. As described below, we also rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection.

Our success will depend on our ability to obtain and maintain patent and other proprietary rights protecting our commercially important technology, inventions and know-how related to our business, defend and enforce our current and future issued patents, if any, preserve the confidentiality of our trade secrets and operate without infringing the valid and enforceable patents and proprietary rights of third parties. We also rely on know-how, continuing technological innovation and potential in-licensing opportunities to develop and maintain our intellectual property portfolio. We seek to obtain domestic and international patent protection, and endeavor to promptly file patent applications for new commercially valuable inventions.

The patent positions of biopharmaceutical companies like us are generally uncertain and involve complex legal, scientific and factual questions. In addition, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and patent scope can be reinterpreted by the courts after issuance. Moreover, many jurisdictions permit third parties to challenge issued patents in administrative proceedings, which may result in further narrowing or even cancellation of patent claims. We cannot predict whether the patent applications we are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any patents, if issued, will provide sufficient protection from competitors.

Because patent applications in the United States and certain other jurisdictions are maintained in secrecy for 18 months or potentially even longer, and since publication of discoveries in the scientific or patent literature often lags behind actual discoveries, we cannot be certain of the priority of inventions covered by pending patent applications. Moreover, we may have to participate in interference proceedings or derivation proceedings declared by the United States Patent and Trademark Office, or USPTO, to determine priority of invention.

Palladio

As of December 15, 2020, Palladio owns one pending U.S. patent application and five pending foreign applications in Japan, Europe, Australia, Canada and Korea. Palladio's patent portfolio includes claims directed to methods of treatment with lixivaptan. The pending patent applications, if issued, are expected to expire in 2038, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity, or other governmental fees.

In July 2016, Palladio acquired Cardiokine, Inc. from Chiesi USA, Inc. (Chiesi). In connection with the acquisition, Palladio acquired a license from Wyeth (now Pfizer) for lixivaptan and inherited certain historical contingent payment obligations (see below "*Payments due to certain former Cardiokine stakeholders"*) and agreed to make certain contingent consideration payments to Chiesi (see below "*Payments due to Chiesi"*). Palladio subsequently acquired the rights due to certain (but not all) former Cardiokine stakeholders, reducing the contingent future obligations (the "*Repurchased Rights*"). See "Management's Discussion and Analysis of Financial Condition and Results of Operations of The Centessa Predecessor Group and Certain Other Acquired Entities — Licensing Arrangements — Palladio License Agreement" for more information.

Payments due to Chiesi

The terms of the Cardiokine acquisition from Chiesi included certain contingent consideration payments which would be due to Chiesi in the event a Licensed Product is commercialized. Such payments are structured as a tiered percentage of net sales with aggregate annual payment to Chiesi capped at $32.5 million.

Payments due to certain former Cardiokine stakeholders

There are certain consideration payments previously agreed with Cardiokine stakeholders that were inherited by Palladio when it acquired Cardiokine and such payment obligations remain and would be due in the event the payment criteria are met. These comprise sales based milestones and royalty payments, including sales based milestones to former stakeholders of up to $16.3 million and low single digit royalty payments (the first $19 million of which would be due to Pfizer). In all cases these amounts take into account the effect of the Repurchased Rights.

In the event Palladio sublicenses the ex-US rights to the Licensed Product to third parties, Palladio is further obligated to share any up-front payments and royalties it earns from such ex-US sublicenses, subject to certain caps, with the former Cardiokine stakeholders. Certain other obligations arise if Palladio develops the Licensed Product for indications other than ADPKD.

ApcinteX

As of December 15, 2020, ApcinteX has a license to two issued U.S. patents, 48 issued foreign patents, e.g., France, Germany, UK and China issued foreign patents, and five pending foreign patent applications. ApcinteX's licensed patent portfolio includes issued U.S. patents and issued foreign patents, including patents in Europe, China, Japan, and Australia, which have claims directed to SerpinPC composition of matter, compositions of matter of other serpin variants, and method of use of SerpinPC. The issued patents expire in 2034, and the pending patent applications, if issued, are expected to expire in 2034, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity, or other governmental fees. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of The Centessa Predecessor Group and Certain Other Acquired Entities — Licensing Arrangements — ApcinteX License Agreement" for more information.

Pega-One

As of December 15, 2020, Pega-One has a license to six issued U.S. patents, 12 issued foreign patents, one pending U.S. application, and two pending foreign patent applications. The issued U.S. and issued foreign patents, including patents in China and Japan, include claims directed to imgatuzumab (GA201) composition of matter and methods of use of imgatuzumab. The issued patents expire between 2026 and 2028, which do not include any possible patent term extension.

On January 2, 2020, Pega-One entered into a license agreement with F. Hoffman-La Roche Ltd. and Hoffman-La Roche Inc. (together, Roche), regarding the glycoengineered, anti-EGFR monoclonal antibody known as imgatuzumab. Under the license agreement, Roche granted Pega-One an exclusive (even as to Roche), worldwide, royalty-bearing, sublicensable (subject to certain requirements) license under certain patent rights and know-how (including Roche's interest in any joint patent rights or know-how) owned and controlled by Roche related to imgatuzumab and glycoengineering technology, to research, develop, make, and sell products containing imgatuzumab (Licensed Products), in all indications and uses in humans excluding diagnostic uses, or Field. Roche retains the right to use imgatuzumab for internal research purposes, subject to certain notice requirements prior to Roche starting any in vivo experiments. Any new patent rights or know-how resulting from Roche's research will be automatically included in Roche's license to Pega-One. Roche granted Pega-One an option to license any additional Roche inventions.

Roche also granted to Pega-One an exclusive (even as to Roche) sublicense of the worldwide rights licensed to Roche under its umbrella research and license agreement with Lonza Sales AG, solely to develop, make, and commercialize imgatuzumab and Licensed Products in the Field. To the extent needed, Roche agrees to negotiate a non-exclusive, worldwide, royalty-free license to additional patent rights related to immunotherapy or small molecules in multiple oncolytic indications. Roche also sublicensed to Pega-One certain intellectual property rights related to a proprietary cell line to perform assays using imgatuzumab.

If Pega-One intends to enter into certain strategic transactions, either involving an acquisition or other change of control of Pega-One or the grant of rights by Pega-One to a third party, to develop and commercialize imgatuzumab or a Licensed Product in certain specified territories, Roche has an exclusive right of first negotiation to enter into the applicable strategic transaction with Pega-One. In connection with the Reorganization, Pega-One and Roche entered into a waiver, pursuant to which the parties acknowledged that the Reorganization would constitute a change of control transaction and Roche agreed not to exercise its right of first negotiation. Notwithstanding such waiver, Roche's right of first negotiation would continue to apply for the period commencing on the completion of Centessa's acquisition of Pega-One until the earlier of the third anniversary of such acquisition, or until the first change of control of Pega-One following such acquisition. In consideration for the waiver, Centessa agreed to issue an aggregate of 723,088 ordinary shares to Roche, which, together with shares granted to Roche in consideration of its contribution of shares held in Pega-One, results in Roche holding in aggregate 1,424,282 ordinary shares in Centessa.

In the future, if Pega-One files for an initial public offering, while maintaining control over the licensed imgatuzumab intellectual property, Roche is entitled to receive, immediately prior to the completion of the initial

public offering, ownership of Pega-One common stock equivalent to a specified percentage of Pega-One on a fully diluted basis, depending on how much capital Pega-One has raised prior to such public offering. The completion of this Offering will not trigger the issuance of additional equity to Roche under this agreement.

Pega-One must use commercially reasonable efforts to develop and commercialize the imgatuzumab Licensed Product in the Field worldwide. Pega-One is solely responsible for the conduct of such activities relating to the Licensed Product worldwide in the Field at its own expense.

Roche granted to Pega-One a sublicensable right of reference to Roche's regulatory filings relating to imgatuzumab or a Licensed Product, including the right to rely upon and a right to copy, access, and otherwise use, all information and data relating to Licensed Product filed with any regulatory agency responsible for granting authorization to market such products (including all underlying raw data, CMC information, and other regulatory documentation).

Pega-One and Roche will each own any inventions conceived or reduced to practice by its employees, except that Roche will own any improvements to Roche's glycoengineering technology. Any inventions jointly conceived or reduced to practice by employees of both parties will be owned jointly by the parties. Roche controls the prosecution and maintenance of those licensed patent rights relating to imgatuzumab at Pega-One's expense and those relating to Roche's glycoengineering technology at Roche's expense. Pega-One controls the prosecution and maintenance of patent rights relating to its own inventions and the jointly-owned patent rights. Each party will inform each other on a regular basis on the status of the patent rights for which it controls prosecution and maintenance, including the formation from time to time of a patent coordination team. Each party must advise the other party prior to abandoning any applicable patent rights and assign such patent rights to the other party if the other party wishes to continue prosecution and maintenance at its own expense. If Roche decides not to prosecute or maintain a licensed patent, at Pega-One's request, Roche will assign to Pega-One (at no cost to Roche) such patent in such country or countries in the territory. Such patent rights so assigned from Roche to Pega-One will no longer be subject to royalty payments. Pega-One has the first right to enforce any of the its or Roche's licensed patent rights with the exclusive right and responsibility to resolve any claim of infringement brought by a third party, except that Pega-One must obtain Roche's prior written consent if any settlement would adversely affect Roche.

In exchange for the rights under the license agreement, Pega-One granted to Roche a number of ordinary shares of Pega-One and paid to Roche a nonrefundable upfront license fee in the low single-digits millions of dollars.

Pega-One is also obligated to pay to Roche, for each Licensed Product, aggregate development milestone payments up to mid double-digit million dollars upon meeting certain regulatory, clinical, manufacturing, and commercial sale events. In addition, Pega-One is obligated to pay Roche sales milestone payments up to low single-digit hundred million dollars based on total worldwide aggregate annual net sales for each Licensed Product.

Upon commercialization of any Licensed Products, Pega-One is obligated to pay to Roche a tiered high-single digit royalty based on annual net sales on a Licensed Product-by-Licensed Product and country-by-country basis until the expiry of the royalty term. The royal term will expire the later of (i) ten years after the date of first commercial sale of a Licensed Product, (ii) when there are no more valid claims under the licensed patents in the relevant country, or (iii) the date of expiration of the last to expire regulatory exclusivity for such Licensed Product in such country. The royalty payments are subject to certain reductions if there is a competing generic product, Pega-One considers it necessary to obtain a license to third party patents to avoid infringement, or if a court or governmental agency requires Pega-One to grant a compulsory license to a third party.

Unless terminated earlier, the license agreement expires on the date when no royalty or other payment obligations under this Agreement are or will become due. Pega-One may terminate the license agreement at any time in its entirety or on a product-by-product basis upon sufficient written notice. Either party may terminate the license agreement if the other party materially breaches the agreement without timely cure or becomes insolvent. Upon termination of the agreement, the rights granted by one party to the other will terminate in their entirety, or on a Licensed Product-by-Licensed Product basis.

If Pega-One terminates without cause, breaches the agreement, or becomes insolvent, Roche may elect to continue development of the imgatuzumab product, and Pega-One must transfer to Roche (free of charge) all regulatory filings and approvals, clinical and non-clinical agreements, CMC agreements, and other related development contracts. Pega-One must also grant Roche a worldwide, exclusive, sublicensable, transferable license under its patent, know-how, and joint patent rights to research, develop, manufacture, have manufactured, use, offer to sell, sell, promote, export and import imgatuzumab and related products. If termination occurs after completion of a Phase 2 study of the first product, Roche will pay to Pega-One a royalty percentage rate in the low single digits based on net sales of the imgatuzumab product for ten years after the first commercial sale of the product on a country-by-country basis. If termination occurs after the first regulatory approval of the first product, Roche will pay to Pega-One a royalty percentage rate in the mid-single digits of net sales for ten years after the first commercial sale of the product on a country-by-country basis.

Pega-One may not assign its rights or obligations under this Agreement without prior written consent from Roche, except to an affiliate or in the context of a merger, acquisition, sale or other transaction involving all or substantially all of the assets of Pega-One.

Z Factor

As of December 15, 2020, Z Factor, owned six pending foreign applications and six pending PCT applications. Z Factor's patent portfolio includes composition of matter claims directed to ZF874, polymorphs thereof and variants thereof, method of treatment claims with ZF874, and method of manufacturing claims related to ZF874. The pending patent applications, once nationalized and if issued, are expected to expire between 2039 and 2041, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity, or other governmental fees. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of The Centessa Predecessor Group and Certain Other Acquired Entities — Licensing Arrangements — Z Factor License Agreement" for more information.

Morphogen-IX

As of December 15, 2020, Morphogen-IX has a license to one issued U.S. patent, 41 issued foreign patents, e.g., France, Germany, UK, and China issued foreign patents, one U.S. pending patent application and nine pending foreign patent applications. Morphogen-IX's licensed patent portfolio includes issued U.S. patents and issued foreign patents, which have composition of matter claims directed to MGX292 and BMP9 variants, and method of treatment claims with MGX292. The issued patents expire in 2035, and the pending patent applications, if issued, are expected to expire in 2035, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity, or other governmental fees.

Morophogen-IX Licence Agreement

On October 30, 2015, our subsidiary, Morphogen-IX Limited, or Morphogen-IX, entered into a Patent and Know-How Licence Agreement, or License, with Cambridge Enterprise Limited (a company wholly owned by the University of Cambridge), or CE, relating to BMP 9 and 10. Pursuant to the agreement, Morphogen-IX obtained from CE an exclusive, worldwide, royalty bearing, sublicensable (through multiple tiers) license, or the Exclusive CE License, under certain patent rights, or BMP Patents, and certain technical information and materials relating to BMP 9 and 10, or BMP Know-How, for the treatment of all diseases, including prophylaxis, for human and animal health or any related research or development, or the Field. Morphogen-IX also obtained a non-exclusive, worldwide, royalty-bearing, sublicensable (through multiple tiers) license, or the CE Non-Exclusive License, to under certain, data, technical information and other know-how that is not specific to BMP 9 and 10, or the Non-Exclusive Know-How. Under the CE Exclusive License and the CE Non-Exclusive License, Morphogen-IX has the right to develop and commercialize any product, process, service or use that uses or incorporates any BMP Patents, the BMP Know-How or the Non-Exclusive Know-How, or any materials that are sold in conjunction with any such products or services, in each such case, a Licensed Product. CE has reserved a customary limited right to use the BMP Patents, BMP Know-How and Non-Exclusive Know-How for academic publication, teaching, and academic research.

In addition to the rights described above, Morphogen-IX also obtained the right to exclusively license, upon request, any and all improvements, modifications, and other developments to the BMP Patents or the BMP Know-how arising during the term of the agreement, or BMP Improvements, provided that such BMP Improvements have been created by any or all of the inventors named in the BMP Patent and assigned to CE within 3 years from the effective date of the agreement.

Morphogen-IX must use commercially reasonable efforts to develop and commercialize the Licensed Products in accordance with the development plan, to introduce Licensed Products into the commercial market and to market Licensed Products after such introduction in the market, and to commit the necessary and available funding and personnel to maximize sales and corresponding return to CE under the Licence Agreement. Morphogen-IX, at its own cost, has the right to control the prosecution, maintenance and enforcement of the BMP Patents. CE has certain step-in rights if Morphogen-IX does not conduct certain BMP patent-related activities as set forth in the Licence Agreement.

In consideration for the rights granted by CE under the Licence Agreement, Morphogen- IX is obligated to reimburse CE for out-of-pocket expenses incurred by CE prior to the effective date of the Licence Agreement and pay an annual license fee of $14,000 (£10,000 at an exchange rate of 0.73).

Additionally, Morphogen-IX is obligated to pay CE certain milestone payments in the aggregate amount of up to $1.0 million (£0.8 million at an exchange rate of 0.73) upon the achievement of certain development and regulatory milestones. Upon commercialization of any Licensed Products, Morphogen-IX is obligated to pay CE a low single-digit royalty based on Morphogen-IX's or its sublicensee's annual net sales for each Licensed Product in the relevant country until the expiry of the royalty term, subject customary royalty deductions for necessary third party licenses. In countries where valid claims exist under the licensed patents, royalties are payable on a Licensed Product-by-Licensed Product and country-by-country basis until there are no more valid claims under the licensed patents in the relevant country.

Unless terminated earlier, the agreement will be in effect until the licensed patents have expired or been revoked without a right of further appeal; Morphogen-IX retains the right to use the licensed know-how in such circumstances. Morphogen-IX may terminate the Licence Agreement at any time for convenience with adequate written notice to CE. Either party may terminate the Licence Agreement based on customary termination rights. CE retains the right to terminate the agreement if Morphogen-IX challenges the validity or ownership of the BMP patents.

Capella Bioscience

As of December 15, 2020, Capella Bioscience, owned two pending U.S. patent applications, one issued foreign patent in the UK and five pending foreign patent applications, which include claims directed to compositions and methods of use of the lead anti-LIGHT antibody. The issued patent, which includes composition of matter claims and pharmaceutical composition claims to Capella's lead anti-LIGHT antibody and method of use claims with Capella's lead anti-LIGHT antibody, expires in 2038, and the pending patent applications, if issued, are expected to expire in 2038, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity, or other governmental fees. Capella Bioscience also owns one pending PCT application with claims directed to compositions and methods of use of the lead anti-BDCA2 antibody. The pending patent application, once nationalized and if issued, is expected to expire in 2040, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity, or other governmental fees.

LockBody

As of December 15, 2020, LockBody owned one pending U.S. application, five pending foreign patent applications and one pending PCT application. LockBody's patent portfolio includes composition of matter claims directed to LockBody's CD47 agents and method of treatment claims with LockBody's agents. The

pending patent applications, once nationalized, where applicable, and if issued, are expected to expire between 2039 and 2040, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity, or other governmental fees.

As of December 15, 2020, LockBody's subsidiary, Ultrahuman Two Limited, owned one pending U.S. application and eight pending foreign patent applications, includes composition of matter claims directed to anti-CD47 antibodies and method of treatment claims with anti-CD47 antibodies. The pending patent applications, if issued, are expected to expire in 2039, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity, or other governmental fees.

As of December 15, 2020, LockBody's subsidiary, Ultrahuman Four Limited, owned one issued U.S. patent, one pending U.S. application and 13 pending foreign patent applications. The U.S. patent, which has composition of matter claims directed to anti-CD47 antibodies, expires in 2038, without taking into account any possible patent term extensions and assuming payment of all appropriate maintenance, renewal, annuity, or other governmental fees. The pending patent applications, if issued, are expected to expire in 2038, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity, or other governmental fees.

LockBody IP Assignment

Our subsidiary, LockBody (formerly known as UltraHuman Six Limited, or UH6) has obtained from UltraHuman Limited, or UH, an assignment of all intellectual property rights, title, and interest related to the LockBody platform. In September 2019, UH and UH6 entered into an Amended and Restated Intellectual Property Assignment Agreement, or IP Assignment, expanding the prior April 2017 IP Assignment related to the UH6 antibodies, to further include intellectual property related to the LockBody platform technology which enables the activity of pharmaceutically-active molecules such as an antibody or receptor proteins to be locked inside a carrier molecule in an inactive prodrug state, until the prodrug so encapsulated is activated within a desired tissue, whereon the prodrug is released, including the use of platform technology with an antibody.

LockBody also owns certain patent rights related to the LB1 bispecific antibody targeting CD47 for the treatment of solid tumors.

Orexia Therapeutics

As of December 15, 2020, Orexia Therapeutics owned two pending U.S. provisional patent applications. Orexia's patent portfolio includes claims directed to OX2R agonists and uses thereof. The pending patent applications, if issued, are expected to expire in 2041, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity, or other governmental fees.

Orexia License Agreement

In January 2019, Heptares Therapeutics Limited entered into a license, assignment, and research services agreement with Orexia Limited, which was amended and restated in 2020 (together the agreement), relating to certain specific molecules with, among other criteria, the primary mode of action of an orexin agonist or orexin positive modulator (Molecules). Under the agreement, Heptares assigned to Orexia all of Heptares' right, title, and interest in and to intellectual property that is already in existence and that is developed as a result of the agreement that relates solely to Molecules or products that contain Molecules (Products), including all rights to obtain patent or similar protection throughout the world for such intellectual property and to take any and all actions regarding past infringements of existing intellectual property. Additionally, Heptares granted to Orexia an exclusive, sublicensable (subject to certain terms) license to make, import, export, use, sell, or offer for sale, including to development, commercialization, registration, modification, enhancement, improvement, manufacturing, holding, keeping or disposing of Molecules and Products. Heptares must not by itself or through

a third party (other than a single company) exploit, use or dispose of (*inter alia*) any product in the field of orexin agonism and orexin positive modulation for the duration of the agreement and for three years thereafter.

In consideration for the assignment and license, Orexia is to pay Heptares a royalty in the low single-digits on net sales of Products (subject to limitations in certain scenarios). Royalties are on a Product-by-Product and country-by country basis. Payments shall commence with the first commercial sale of such product in a country and shall continue until the later of: (a) the duration of regulatory exclusivity in the country; or (b) ten years after the first commercial sale. Further, Orexia is responsible for all development costs incurred by itself or Heptares in the performance of the research program (within the confines of the research budget). Additionally, Orexia must pay Heptares, on a Molecule-by-Molecule basis, development milestone payments in the aggregate of a low double-digit number in the millions of pounds sterling. Milestone payments are payable once per Molecule.

Orexia may terminate the agreement at any time following the expiration or termination of the research program. In addition, customary termination rights exist for both parties for breach and insolvency. In the event of termination, all licenses automatically terminate.

The term of the agreement is until the later of: (i) the expiration of the last to expire patent within the licensed intellectual property; (ii) the expiration of the royalty term; and (iii) the fifteenth anniversary of the effective date. Upon expiration, with respect to any given Molecule, the license granted to Orexia shall become perpetual, irrevocable, and fully-paid up.

PearlRiver Bio

As of December 15, 2020, PearlRiver Bio, owned two pending foreign patent applications with claims directed to EGFR inhibitors and methods of use. The pending applications, if issued, are expected to expire in 2041, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity, or other governmental fees. PearlRiver licenses one pending PCT with claims directed to EGFR inhibitors and methods of use. The pending application, once nationalized and if issued, is expected to expire in 2039, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity, or other governmental fees.

PearlRiver C797 License Agreement

In June 2020, PearlRiver Bio entered to an assignment agreement with Lead Discovery Center GmbH and TU Dortmund, together the Assignors, involving small molecule inhibitors of C797 mutated EGFR and related inventions (C797, or Product). Under the assignment agreement, the Assignors each and jointly sold, assigned and transferred to PearlRiver Bio their entire right, title and interest to certain know-how, patent application, invention disclosures, chemical and biological materials, and data analyses related to C797, or Assigned Technology. PearlRiver Bio has the sole right but not the obligation to control patent prosecution at its own cost. To the extent requested by PearlRiver Bio, and not included under the Assigned Technology, Assignors also agreed to grant a worldwide, non-exclusive, irrevocable, perpetual, transferable, right and license under C797 related intellectual property rights and/or know-how, for the purpose of developing, manufacturing, marketing, selling and/or otherwise commercializing any products or medical technology based on or comprising C797. PearlRiver Bio is obligated to use commercially reasonable efforts commercialize one or more Products at its own expense.

In consideration for the rights under the assignment agreement, PearlRiver Bio paid Assignors an upfront fee in the mid-to-high five-digit range in euros. In addition, PearlRiver Bio is obligated to pay Assignors up to a high single-digit millions in euros in total aggregate milestone payments upon meeting certain clinical and approval milestones and up to low double digit millions in euros in total aggregate sales milestone payments.

Upon commercialization of any Products, PearlRiver Bio is obligated to pay to Assignors a tiered low single-digit royalty based on annual net sales on a Product-by-Product and country-by-country basis until the expiry of

the royalty term. The royalty term will expire upon the later of (i) the date on which the manufacture, distribution, use, marketing or sale of such Product in such country no longer infringes a valid claim of a patent in such country or (ii) ten years from the date of the first commercial sale of such Product in such country. The royalty payments are subject to certain reductions if for third party licenses.

If PearlRiver Bio materially breaches the assignment agreement (including a breach of payment obligations), the Assignors may withdraw from the agreement. In such event, PearlRiver Bio is obligated to retransfer its rights to the Assigned Technology to the Assignors. However, in case of withdrawal, PearlRiver Bio will automatically receive a non-exclusive, transferable license, which includes the right to sublicense in multiple tiers, to use the Assigned Technology for the development, manufacture, testing, authorization and/or commercialization of any technology and/or compounds, drug substance and/or drug products based on C797 and/or the Assigned Technology. PearlRiver Bio will still be responsible for any milestone and royalty payments described above.

PearlRiver Lead Discovery Center License Agreement

In March 2019, Lead Discovery Center GmbH (Lead Discovery) entered into a license agreement with PearlRiver Bio related to small molecule inhibitors of Her2 and EGFR carrying Exon 20 mutations. Under the license agreement, PearlRiver Bio obtained an exclusive, worldwide, transferable and sublicensable (subject to certain conditions) license, under certain patents, patent applications, technical information and licensed know-how, to research, develop, make, use, manufacture, have manufactured, offer, promote, sell, import or export products that use or incorporate the licensed know-how and technology. PearlRiver Bio also obtained a non-exclusive, worldwide, transferable and sublicensable (subject to certain conditions) license, under the Lead Discovery's background intellectual property, to research, develop, make, use, manufacture, have manufactured, offer, promote, sell, import or export products and/or otherwise exploit the licensed technology. Lead Discovery retains the non-exclusive, non-transferable, cost-free right to make, have made and use specific materials for internal non-commercial scientific research purposes, and to provide materials for non-commercial collaborations not interfering with the development of the products under the license agreement, and for other scientific purposes solely to non-profit research organisations.

In consideration for the rights under the license agreement, PearlRiver Bio is to pay Lead Discovery low single-digit royalties on the net sales of each licensed product that is sold or supplied by PearlRiver Bio or any of its sublicensees (subject to certain scenarios). Royalties are on a product-by-product and country-by country basis. Payments will commence with the first commercial sale of such product in a country and continue for the later of: (i) the date on which the manufacture, distribution, marketing or sale of a Product no longer infringes a valid claim (being a claim from an unexpired patent right or a patent application using the licensed technology) in such country; or (ii) ten years after the first commercial sale in such country. Additionally, PearlRiver Bio is required to pay certain one-time tiered milestone payments, on a molecule-by-molecule basis, in the low double digits million pounds sterling, and a one-time low double digits million pounds sterling sales milestone once cumulative net sales equal or exceed £0.5BN.

The license agreement lasts until terminated or until the last royalty term expires. PearlRiver Bio may terminate the agreement for convenience at its sole discretion with adequate written notice to Lead Discovery. Each party has customary termination rights in the event of breach. Lead Discovery is able to terminate in the event PearlRiver Bio notifies Lead Discovery of an intent to cease activities related to the licensed technology or the termination of the development of all Exon 20 development activities. In the event of termination, all licenses would cease and all research, development, manufacturing, marketing, sales and distribution of products that use or incorporate the licensed know-how and any other use of the patents would end. Additionally, if PearlRiver Bio terminates the license agreement for convenience, it must transfer certain inventions, intellectual property, records and title and interest in and to regulatory filings rights back to Lead Discovery. In the event PearlRiver Bio terminates the license agreement due to a breach by Lead Discovery, PearlRiver Bio would retain a non-exclusive, worldwide, perpetual, irrevocable, royalty-free, sublicensable license to licensed technology to the extent necessary to enable the use of research results for the purpose of researching, developing, making, using, selling and importing products in the field.

Janpix Limited

As of December 15, 2020, Janpix Limited owned four pending U.S. provisional patent applications with claims directed to STAT degraders and methods of use. The pending applications, if issued, are expected to expire in 2041, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity, or other governmental fees.

Janpix Limited License Agreement

In July 2017, Janpix entered into a license agreement with the Governing Council of the University of Toronto (UT) related to direct small molecule modulators of signal transducer and activator of transcription 3 (STAT 3) and signal transducer and activator of transcription 5 (STAT 5). Under the license agreement, Janpix obtained an exclusive, worldwide, sublicensable (subject to certain conditions) license, or the UT License, under certain patents and know-how, or Licensed Technology, to research, develop, manufacture, market, sell, distribute and commercially exploit any licensed products for all uses in humans and animals, or the Field. UT has retained for itself and certain other institutions, a customary right of use to the Licensed Technology for academic research and educational purposes. Additionally, Janpix has the right to exclusively license, with the right to sublicense, certain improvements to the Licensed Technology under the license agreement. Janpix also has an option right to negotiate a new license grant to any other intellectual property related to STAT 3 and/or STAT 5 inhibitors that is not considered an improvement under the license agreement.

Upon satisfaction of certain development and regulatory milestones, Janpix may be obligated to pay to UT total aggregate milestone payments in the teens of millions of dollars upon the achievement of certain development and regulatory milestones. Janpix is also obligated to pay to UT aggregate sales milestone payments up to in the teens of millions of dollars based on total worldwide aggregate annual net sales for all licensed products containing a Licensed Compound. Each milestone payment is payable only once for a licensed product during term of the license agreement. Upon commercialization of any licensed products, Janpix is obligated to pay to UT a flat low to mid-single digit royalty based on Janpix's and its sublicensees' net sales, subject to certain royalty reductions when there are no more valid claims under the licensed patents in the relevant country or if Janpix deems it necessary to obtain a license to third party patents to avoid infringement.

Unless terminated earlier, the license agreement expires on the date that the underlying patents expire and there is no possibility of any applications in the patents proceeding to grant. Janpix may terminate the agreement upon reasonable grounds with adequate written notice. Either party may terminate the license agreement based on customary termination rights, or if UT challenges the validity of patents or the substantial or secret nature of the licensed know-how. In the event of termination, all licenses shall cease and revert to the relevant institution, and Janpix must cease all exploitation of the Licensed Technology.

Government Regulation

United States Food and Drug Administration 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 drugs and biologics such as those we are developing. We, along with our vendors, collaboration partners, clinical research organizations (CROs), and contract manufacturing organizations (CMOs), will be required to navigate the various preclinical, clinical, manufacturing and commercial approval requirements of the governing regulatory agencies of the countries in which we wish to conduct studies or seek approval of our product candidates. The process of obtaining regulatory approvals of drugs and ensuring subsequent compliance with appropriate United States federal, state, local and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable regulatory requirements at any time during the product development process or post-approval may subject an applicant to delays in development or approval, as well as administrative and judicial sanctions.

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

Our product candidates must be approved for therapeutic indications by the FDA before they may be marketed in the United States. For our drug product candidates regulated under the FDCA, FDA must approve a New Drug Application, or NDA. For our biologic product candidates regulated under the FDCA and PHSA, FDA must approve a Biologics License Application (BLA). The process is similar and generally involves the following:

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

Preclinical Studies and Clinical Trials

Before testing any drug or biologic in humans, the product candidate must undergo rigorous preclinical testing. Preclinical studies include laboratory evaluations of chemistry, formulation and stability, as well as *in vitro* and animal studies to assess safety and in some cases to establish the rationale for therapeutic use. The conduct of preclinical studies is subject to federal and state regulations and requirements, including GLP requirements for safety and toxicology studies. In the United States, the results of the preclinical studies, together with manufacturing information and analytical data must be submitted to the FDA as part of an IND.

An IND is a request for authorization from the FDA to administer an investigational product to humans, and must become effective before clinical trials may begin. The central focus of an IND submission is on the general investigational plan and the protocol(s) for clinical studies. 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. In the United States, the IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, raises concerns or questions about the conduct

of the clinical trial, including concerns that human research subjects will be exposed to unreasonable health risks, and imposes a clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. Some long-term preclinical testing may continue after the IND is submitted. Accordingly, submission of an IND may or may not result in FDA authorization to begin a trial.

The clinical stage of development involves the administration of the product candidate to healthy volunteers or patients under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control, in accordance with GCP requirements, which include the requirements that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria and the parameters and criteria to be used in monitoring safety and evaluating effectiveness. Each protocol, and any subsequent amendments to the protocol, must be submitted to the FDA as part of the IND. Furthermore, each clinical trial must be reviewed and approved by an IRB for each institution at which the clinical trial will be conducted to ensure that the risks to individuals participating in the clinical trials are minimized and are reasonable related to the anticipated benefits. The IRB also approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative, and must monitor the clinical trial until completed.

The FDA may, at any time during the initial 30-day IND review period or while clinical trials are ongoing under the IND, impose a partial or complete clinical hold based on concerns for patient safety and/or noncompliance with regulatory requirements. This order issued by the FDA would delay a proposed clinical study or cause suspension of an ongoing study until all outstanding concerns have been adequately addressed, and the FDA has notified the company that investigations may proceed. Imposition of a clinical hold could cause significant delays or difficulties in completing planned clinical studies in a timely manner. In addition, the IRB, or the sponsor may suspend or discontinue a clinical trial at any time on various grounds, including a finding that the subjects are being exposed to an unacceptable health risk. Some studies also include oversight by an independent group of qualified experts organized by the clinical study 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 recommend that the clinical trial be stopped if it determines that there is an unacceptable safety risk for subjects or other grounds, such as no demonstration of efficacy. There also are requirements governing the reporting of ongoing clinical trials and completed clinical trials to public registries. In the United States, information about applicable clinical trials, including clinical trial results, must be submitted within specific timeframes for publication on the www.clinicaltrials.gov website.

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

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

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

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

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

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the drug or biological characteristics of the product candidate and finalize a process for manufacturing the drug product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and manufacturers must develop, among other things, methods for testing the identity, strength, quality and purity of the final drug product. Additionally, appropriate packaging must be selected and tested, and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life and to identify appropriate storage conditions for the product candidate.

FDA Marketing Application Review Process

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

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

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

Further, under PDUFA, as amended, each NDA or BLA must be accompanied by a user fee, and the sponsor of an approved NDA or BLA is also subject to an annual program fee. FDA adjusts the PDUFA user fees on an annual basis. Fee waivers or reductions may be available in certain circumstances, including a waiver of the application fee for the first application filed by a small business. Additionally, no user fees are assessed on NDAs or BLAs for products designated as orphan drugs, unless the product also includes a non-orphan indication.

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

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

After evaluating the application and all related information, including the advisory committee recommendation, if any, and inspection reports regarding the manufacturing facilities and clinical trial sites, the FDA may issue an approval letter, or, in some cases, a Complete Response Letter. A Complete Response Letter indicates that the review cycle of the application is complete and the application is not ready for approval. A Complete Response Letter will usually describe all of the deficiencies that the FDA has identified in the NDA or BLA, except that where the FDA determines that the data supporting the application are inadequate to support approval, the FDA may issue the Complete Response Letter without first conducting required inspections, testing submitted product lots, and/or reviewing proposed labeling. In issuing the Complete Response Letter, the FDA may recommend actions that the applicant might take to place the NDA or BLA in condition for approval, including requests for additional information or clarification. Even with submission of this additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval. If and when those conditions have been met to the FDA's satisfaction, the FDA will typically issue an approval letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications.

Even if the FDA approves a product, depending on the specific risk(s) to be addressed, the FDA may limit the approved indications for use of the product, require that contraindications, warnings or precautions be included in the product labeling, require that post-approval studies, including Phase 4 clinical trials, be conducted to further assess a product's safety or efficacy after approval, require testing and surveillance programs to monitor the product after commercialization, or impose other conditions, including distribution and use restrictions or other risk management mechanisms under REMS, which can materially affect the potential market and profitability of

the product. REMS can include medication guides, communication plans for healthcare professionals, and elements to assure safe use (ETASU). ETASU can include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, and the use of patent registries. If the FDA concludes a REMS is needed, the sponsor of the NDA or BLA must submit a proposed REMS; the FDA will not approve the NDA or BLA without a REMS, if required. The FDA may prevent or limit further marketing of a product based on the results of post-marketing studies or surveillance programs. After approval, some types of changes to the approved product, such as adding new indications, manufacturing changes, and additional labeling claims, are subject to further testing requirements and FDA review and approval.

Orphan Drug Designation and Exclusivity

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

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

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 ODD. In addition, orphan drug 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.

Expedited Development and Review Programs

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

A new drug or biologic is eligible for Fast Track designation if it is intended to treat a serious or life-threatening disease or condition and demonstrates the potential to address unmet medical needs for such disease or condition. Fast Track designation applies to the combination of the product and the specific indication for which it is being studied. Fast Track designation provides increased opportunities for sponsor interactions with the FDA during preclinical and clinical development, in addition to the potential for rolling review once a marketing application is filed, meaning that the FDA may initiate review of sections of a Fast Track product's application before the application is complete upon satisfaction of certain conditions.

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

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

Any product submitted to the FDA for approval, including a product with Fast Track, or Breakthrough Therapy designation, may also be eligible priority review. A product is eligible for priority review if it is intended to treat a serious or life-threatening disease or condition, and if approved, would provide a significant improvement in safety or effectiveness. For an original NDA for a new molecular entity and a BLA, 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).

The FDA may grant accelerated approval to a product intended to treat a serious or life-threatening disease or condition that generally provides a meaningful therapeutic advantage to patients over available treatments, and demonstrates 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 (IMM), that is reasonably likely to predict an effect on IMM or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments.

For drugs and biologics granted accelerated approval, the FDA generally requires sponsors to conduct, in a diligent manner, adequate and well-controlled post-approval confirmatory studies to verify and describe the product's clinical benefit. Failure to conduct required post-approval studies with due diligence, failure to confirm a clinical benefit during the post-approval studies, or dissemination of false or misleading promotional materials would allow the FDA to withdraw the product approval on an expedited basis. All promotional materials for product candidates approved under accelerated approval are subject to prior review by the FDA unless FDA informs the applicant otherwise.

Fast Track designation, Breakthrough Therapy designation, and priority review do not change the scientific or medical standards for approval or the quality of evidence necessary to support approval but may expedite the development or review process.

Post-Approval Requirements for Drugs and Biologics in the United States

In the United States, drugs and biologics manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to recordkeeping, periodic reporting, product sampling and distribution, reporting of adverse experiences with the product, complying with promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations (known as "off-label use") and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe approved products for off-label uses, manufacturers may not market or promote such uses. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, including not only by Company employees but also by agents of the Company or those speaking on the Company's behalf, and a company that is found to have improperly promoted off-label uses may be subject to significant liability. Failure to comply with these requirements can result in, among other things, adverse publicity, warning letters, corrective advertising and potential civil and criminal penalties, including liabilities under the False Claims Act where products carry reimbursement under federal health care programs. Promotional materials for approved drugs and biologics must be submitted to the FDA in conjunction with their first use or first publication. Further, if there are any modifications to the product, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new NDA or BLA or NDA or BLA supplement, which may require the development of additional data or preclinical studies and clinical trials.

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

In addition, drug and biologics manufacturers and their subcontractors involved in the manufacture and distribution of approved products are required to register their establishments with the FDA and certain state agencies and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with ongoing regulatory requirements, including cGMP, which impose certain procedural and documentation requirements upon us and our CMOs. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. 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. Failure to comply with statutory and regulatory requirements can subject a manufacturer to possible legal or regulatory action, such as warning letters, suspension of manufacturing, product seizures, injunctions, civil penalties or criminal prosecution.

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

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

Regulation of Combination Products in the United States

Certain products may be comprised of components that are regulated under separate regulatory authorities and by different centers at the FDA. These products are known as combination products. A combination product is comprised of a combination of a drug and a device; a biological product and a device; a drug and a biological product; or a drug, a device, and a biological product. Under regulations issued by the FDA, a combination product includes:

- a product comprised of two or more regulated components that are physically, chemically, or otherwise combined or mixed and produced as a single entity;
- two or more separate products packaged together in a single package or as a unit and comprised of drug and device products, device and biological products, or biological and drug products;
- a drug, device, or biological product packaged separately that according to its investigational plan or proposed labeling is intended for use only with an approved individually specified drug, device or

biological product where both are required to achieve the intended use, indication, or effect and where upon approval of the proposed product the labeling of the approved product would need to be changed, *e.g.*, to reflect a change in intended use, dosage form, strength, route of administration, or significant change indose; or

- any investigational drug, device, or biological product packaged separately that according to its proposed labeling is for use only with another individually specified investigational drug, device, or biological product where both are required to achieve the intended use, indication, or effect.

Under the FDCA, the FDA is charged with assigning a center with primary jurisdiction, or a lead center, for review of a combination product. That determination is based on the "primary mode of action" of the combination product, which means the single mode of action that provides the most important therapeutic action of the combination product, i.e., the mode of action expected to make the greatest contribution to the overall intended therapeutic effects of the combination product.

United States Patent Term Restoration and Marketing Exclusivity

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

Regulatory exclusivity provisions under the FDCA also can delay the submission or the approval of certain applications. The FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to gain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an ANDA, or a 505(b)(2) NDA submitted by another company for another version of such drug where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement.

The FDCA also provides three years of exclusivity for an NDA, 505(b)(2) NDA or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example, new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the conditions of use associated with the new clinical investigations and does not prohibit the FDA from approving ANDAs for drugs containing the original active agent for other conditions 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.

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

United States Biosimilars and Exclusivity

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

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

Other United States Regulatory Matters

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

Other United States Healthcare Laws

Healthcare providers and third-party payors in the United States and elsewhere play a primary role in the recommendation and prescription of pharmaceutical products. Arrangements with third-party payors and customers can expose pharmaceutical manufactures to broadly applicable fraud and abuse and other healthcare laws and regulations, including, without limitation, the federal Anti-Kickback Statute and the federal False Claims Act (FCA), which may constrain the business or financial arrangements and relationships through which companies research, sell, market and distribute pharmaceutical products. In addition, transparency laws and patient privacy laws can apply to the activities of pharmaceutical manufactures. The applicable federal, state and foreign healthcare laws and regulations that can affect a pharmaceutical company's operations include without limitation:

- The federal Anti-Kickback Statute, which prohibits, among other things, knowingly and willfully soliciting, receiving, offering or paying any remuneration (including any kickback, bribe, or rebate), directly or indirectly, overtly or covertly, in cash or in kind, to induce, or in return for, either the

referral of an individual, or the purchase, lease, order or recommendation of any good, facility, item or service for which payment may be made, in whole or in part, under the Medicare and Medicaid programs, or other federal healthcare programs. A person or entity can be found guilty of violating the statute without actual knowledge of the statute or specific intent to violate it. 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 FCA. The Anti-Kickback Statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers, and formulary managers on the other. There are a number of statutory exceptions and regulatory safe harbors protecting some common activities from prosecution, but such exceptions and safe harbors are drawn narrowly and require strict compliance in order to offer protection;

- The federal civil and criminal false claims laws, including the FCA, and civil monetary penalty laws, which prohibit any person or entity from, among other things, knowingly presenting, or causing to be presented, a false, fictitious or fraudulent claim for payment to, or approval by, the federal government or knowingly making, using or causing to be made or used a false record or statement, including providing inaccurate billing or coding information to customers or promoting a product off-label, material to a false or fraudulent claim to the federal government. As a result of a modification made by the Fraud Enforcement and Recovery Act of 2009, a claim includes "any request or demand" for money or property presented to the federal government. In addition, manufacturers can be held liable under the FCA even when they do not submit claims directly to government payors if they are deemed to "cause" the submission of false or fraudulent claims. The FCA also permits a private individual acting as a "whistleblower" to bring actions on behalf of the federal government alleging violations of the FCA and to share in any monetary recovery;
- The federal Health Insurance Portability and Accountability Act of 1996 (HIPAA), which created federal criminal statutes that prohibit, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g., public or private) and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters. Similar to the federal Anti-Kickback Statute, a person or entity can be found guilty of violating HIPAA without actual knowledge of the statute or specific intent to violate it;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH), and their respective implementing regulations, which impose, among other things, specified requirements relating to the privacy, security and transmission of individually identifiable health information held by covered entities and their business associates as well as their covered subcontractors. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions;
- The federal legislation commonly referred to as the Physician Payments Sunshine Act, created under the ACA, and its implementing regulations, 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 (with certain exceptions) to report annually to CMS, information related to payments or other transfers of value made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. Effective January 1, 2022, covered manufacturers also will be required to report information regarding their payments and other transfers of value to physician assistants, and nurse practitioners, clinical nurse specialists, anesthesiologist assistants, certified registered nurse anesthetists and certified nurse midwives during the previous year;

- Federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers; and
- Analogous state laws and regulations, including: state anti-kickback and false claims laws, which may apply to our business practices, including, but not limited to, research, distribution, sales and marketing arrangements and claims involving healthcare items or services reimbursed by any third-party payor, including private insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the U.S. federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state and local laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; state laws that require the reporting of information related to drug pricing; state and local laws requiring the registration of pharmaceutical sales representatives; and state laws governing the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

In addition to the above, on November 20, 2020, the Office of Inspector General (OIG), finalized further modifications to the federal Anti-Kickback Statute. Under the final rules, the OIG added safe harbor protections under the Anti-Kickback Statute for certain coordinated care and value-based arrangements among clinicians, providers, and others. The final rule (with some exceptions) were expected to become effective January 19, 2021, but the effective date has been postponed pending further review of these and other pending regulations by the Biden administration. We continue to evaluate what effect, if any, these rules will have on our business.

Pricing and rebate programs must comply with the Medicaid rebate requirements of the U.S. Omnibus Budget Reconciliation Act of 1990 and more recent requirements in the ACA. If products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply. Products must meet applicable child-resistant packaging requirements under the U.S. Poison Prevention Packaging Act. Manufacturing, sales, promotion and other activities also are potentially subject to federal and state consumer protection and unfair competition laws.

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

The scope and enforcement of each of these laws is uncertain and subject to rapid change in the current environment of healthcare reform, especially in light of the lack of applicable precedent and regulations with respect to certain laws. Federal and state enforcement bodies have recently increased their scrutiny of interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Prohibitions or restrictions on sales or withdrawal of future marketed products could materially affect our business in an adverse way. Changes in regulations, statutes or the interpretation of existing regulations could impact our business in the future by requiring, for example: (i) changes to our manufacturing arrangements; (ii) additions or modifications to product labeling; (iii) the recall or discontinuation of our products; or (iv) additional record-keeping requirements. If any such changes were to be imposed, they could adversely affect the operation of our business.

Ensuring our business arrangements comply with applicable healthcare laws, as well as responding to possible investigations by government authorities, can be time- and resource-consuming and can divert a company's attention from the business.

The failure to comply with any of these laws or regulatory requirements subjects companies to possible legal or regulatory action. Depending on the circumstances, failure to meet applicable regulatory requirements can result in significant penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, possible exclusion from participation in federal and state funded healthcare programs, contractual

damages and the curtailment or restricting of our operations, as well as additional reporting obligations and oversight if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws. Any action for violation of these laws, even if successfully defended, could cause a pharmaceutical company to incur significant legal expenses and divert management's attention from the operation of the business.

Health Reform

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 ACA was passed, which substantially changed the way healthcare is financed by both governmental and private insurers, and continues to significantly impact the U.S. pharmaceutical industry. The ACA, among other things, subjects biological products to potential competition by lower-cost biosimilars, addresses 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, increases the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program extends the rebate program to individuals enrolled in Medicaid managed care organizations, establishes annual fees and taxes on manufacturers of certain branded prescription drugs, and creates a new Medicare Part D coverage gap discount program, in which manufacturers must 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 to coverage under Medicare Part D for the manufacturer's outpatient drugs.

Since its enactment, there have been numerous judicial, administrative, executive, and legislative challenges to certain aspects of the ACA. For example, the previous administration issued various Executive Orders that eliminated cost sharing subsidies and various provisions that would impose a fiscal burden on states or a cost, fee, tax, penalty or regulatory burden on individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices and Congress has introduced several pieces of legislation aimed at significantly revising or repealing the ACA. Additionally, various portions of the ACA are currently undergoing legal and constitutional challenges in the United States Supreme Court.

Although the Supreme Court has not yet ruled on the constitutionality of the ACA, on January 28, 2021, President Biden issued an executive order to initiate a special enrollment period from February 15, 2021 through May 15, 2021 for purposes of obtaining health insurance coverage through the ACA marketplace. The executive order also instructs certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the ACA. It is unclear how the Supreme Court ruling, other such litigation, and the healthcare reform measures of the Biden administration will impact the ACA and our business.

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. Pursuant to the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, as well as subsequent legislation, these cuts have been suspended from May 1, 2020 through March 31, 2021, will be reinstated in April 2021, and will remain in effect through 2030 unless additional Congressional action is taken. Proposed legislation, if passed, would extend this suspension until the end of the pandemic. 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.

Moreover, payment methodologies may be subject to changes in healthcare legislation and regulatory initiatives which could limit the amounts that federal and state governments will pay for healthcare products and services and result in reduced demand for certain pharmaceutical products or additional pricing pressures.

Additionally, there has been increasing legislative and enforcement interest in the United States with respect to specialty drug pricing practices. Specifically, there have been several recent U.S. presidential executive orders, congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs.

At the federal level, the former Trump administration used several means to propose or implement drug pricing reform, including through federal budget proposals, executive orders and policy initiatives. For example, on July 24, 2020 and September 13, 2020, the Trump administration announced several executive orders related to prescription drug pricing that attempt to implement several of the administration's proposals. The FDA also released a final rule, effective November 30, 2020, implementing a portion of the importation executive order providing guidance for states to build and submit importation plans for drugs from Canada. Further, on November 20, 2020, HHS finalized a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The implementation of the rule has been delayed by the Biden administration from January 1, 2022 to January 1, 2023 in response to ongoing litigation. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a new safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers, the implementation of which have also been delayed pending review by the Biden administration until March 22, 2021. On November 20, 2020, CMS issued an interim final rule implementing then-President Trump's Most Favored Nation executive order, which would tie Medicare Part B payments for certain physician-administered drugs to the lowest price paid in other economically advanced countries, effective January 1, 2021. On December 28, 2020, the United States District Court in Northern California issued a nationwide preliminary injunction against implementation of the interim final rule. It is unclear whether the Biden administration will work to reverse these measures or pursue similar policy initiatives.

At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

Further, it is possible that additional governmental action is taken in response to the COVID-19 pandemic.

Reimbursement

Sales of our products, when and if approved, will depend, in part, on the extent to which our products will be covered by third-party payors, such as government health programs, commercial insurance and managed healthcare organizations. In the United States, no uniform policy of coverage and reimbursement for drug or biological products exists. Accordingly, decisions regarding the extent of coverage and amount of reimbursement to be provided for any of our products will be made on a payor-by-payor basis. Factors payors consider in determining reimbursement are based on whether the product is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- neither experimental nor investigational.

In the United States, for example, principal decisions about reimbursement for new products are typically made by CMS, which decides whether and to what extent a new product will be covered and reimbursed under Medicare. Private third-party payors often follow CMS's decisions regarding coverage and reimbursement to a substantial degree. However, one third-party payor's determination to provide coverage for a product candidate does not assure that other payors will also provide coverage for the product candidate. Further, no uniform policy

for coverage and reimbursement exists in the United States, and coverage and reimbursement can differ significantly from payor to payor. As a result, coverage determination is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be obtained. Further, coverage policies and third-party payor reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained, less favorable coverage policies and reimbursement rates may be implemented in the future.

The U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost containment programs to limit the growth of government-paid health care costs, including price-controls, restrictions on reimbursement and requirements for substitution of biosimilars for branded prescription drugs. For example, the ACA contains provisions that may reduce the profitability of drug products through increased rebates for drugs reimbursed by Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal healthcare programs. Adoption of general controls and measures, coupled with the tightening of restrictive policies in jurisdictions with existing controls and measures, could limit payments for pharmaceutical drugs.

The Medicaid Drug Rebate Program requires pharmaceutical manufacturers to enter into and have in effect a national rebate agreement with the Secretary of the Department of Health and Human Services as a condition for states to receive federal matching funds for the manufacturer's outpatient drugs furnished to Medicaid patients. The ACA made several changes to the Medicaid Drug Rebate Program, including increasing pharmaceutical manufacturers' rebate liability by raising the minimum basic Medicaid rebate on most branded prescription drugs from 15.1% of average manufacturer price (AMP), to 23.1% of AMP and adding a new rebate calculation for "line extensions" (i.e., new formulations, such as extended release formulations) of solid oral dosage forms of branded products, as well as potentially impacting their rebate liability by modifying the statutory definition of AMP. The ACA also expanded the universe of Medicaid utilization subject to drug rebates by requiring pharmaceutical manufacturers to pay rebates on Medicaid managed care utilization and by enlarging the population potentially eligible for Medicaid drug benefits.

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 Part A and B, Part D coverage is not standardized. While all Medicare drug plans must give at least a standard level of coverage set by Medicare, 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 products for which we receive marketing approval. However, any negotiated prices for our products covered by a Part D prescription drug plan likely will be lower than the prices we might otherwise obtain. Moreover, while the MMA applies only to drug benefits for Medicare beneficiaries, private 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 payors.

For a drug product to receive federal reimbursement under the Medicaid or Medicare Part B programs or to be sold directly to U.S. government agencies, the manufacturer must extend discounts to entities eligible to participate in the 340B drug pricing program. The required 340B discount on a given product is calculated based on the AMP and Medicaid rebate amounts reported by the manufacturer. As of 2010, the ACA expanded the types of entities eligible to receive discounted 340B pricing, although, under the current state of the law, with the exception of children's hospitals, these newly eligible entities will not be eligible to receive discounted 340B pricing on orphan drugs. In addition, as 340B drug pricing is determined based on AMP and Medicaid rebate

data, the revisions to the Medicaid rebate formula and AMP definition described above could cause the required 340B discount to increase.

As noted above, the marketability of any products for which we receive regulatory approval for commercial sale may suffer if the government and third-party payors fail to provide coverage and reimbursement. Obtaining coverage and reimbursement for newly approved drugs and biologics is a time-consuming and costly process, and coverage may be more limited than the purposes for which a drug is approved by the FDA or comparable foreign regulatory authorities. Assuming coverage is obtained for a given product by a third-party payor, the resulting reimbursement payment rates may not be adequate or may require co-payments that patients find unacceptably high. Additionally, coverage policies and third-party reimbursement rates may change at any time. Patients who are prescribed medications for the treatment of their conditions, and their prescribing physicians, generally rely on third-party payors to reimburse all or part of the costs associated with their prescription drugs. Patients are unlikely to use products unless coverage is provided and reimbursement is adequate to cover all or a significant portion of the cost of prescribed products.

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

European Drug Development

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

Similar to the United States, the various phases of preclinical and clinical research in the European Union are subject to significant regulatory controls. Although the EU Clinical Trials Directive 2001/20/EC has sought to harmonize the EU clinical trials regulatory framework, setting out common rules for the control and authorization of clinical trials in the European Union, the EU Member States have transposed and applied the provisions of the Directive differently. This has led to significant variations in the Member State regimes. Under the current regime, before a clinical trial can be initiated it must be approved in each of the EU countries where the trial is to be conducted by 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.

The EU clinical trials legislation currently is undergoing a transition process mainly aimed at harmonizing and streamlining clinical-trial authorization, simplifying adverse-event reporting procedures, improving the supervision of clinical trials and increasing their transparency. In April 2014, the EU adopted a new Clinical Trials Regulation (EU) No 536/2014, which is set to replace the current Clinical Trials Directive 2001/20/EC. It is expected that the new Clinical Trials Regulation (EU) No 536/2014 will apply following confirmation of full functionality of the Clinical Trials Information System (CTIS), the centralized EU portal and database for clinical trials foreseen by the Regulation, through an independent audit, currently expected to occur in December 2021. The new Regulation will be directly applicable in all Member States (and so does not require national implementing legislation in each Member State), and aims at simplifying and streamlining the approval of clinical studies in the EU, for instance by providing for a streamlined application procedure via a single point and strictly defined deadlines for the assessment of clinical study applications.

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

European Drug Marketing

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

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

European Drug Review and Approval

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

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

- National MAs, which are issued by the competent authorities of the Member States of the EEA and only cover their respective territory, are available for products not falling within the mandatory scope of the centralized procedure. Where a product has already been authorized for marketing in a Member State of the EEA, this national MA can be recognized in other Member States through the mutual recognition procedure. If the product has not received a national MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the decentralized procedure. Under the 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 product characteristics, or SmPC, and a draft of the labeling and package leaflet, which are sent to the other Member States (referred to as the Concerned Member States) for their approval. If the Concerned Member States raise no objections, based on a potential serious risk to public health, to the assessment, SmPC, labeling, or packaging proposed by the RMS, the product is subsequently granted a national MA in all the Member States (i.e., in the RMS and the Concerned Member States).

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

European New Chemical Entity Exclusivity

In the EEA, innovative medicinal products (including both small molecules and biological medicinal products), sometimes referred to as new active substances, qualify for eight years of data exclusivity upon marketing authorization and an additional two years of market exclusivity. The data exclusivity, if granted, prevents generic or biosimilar applicants from referencing the innovator's preclinical and clinical trial data contained in the dossier of the reference product when applying for a generic or biosimilar marketing authorization, for a period of eight years from the date on which the reference product was first authorized in the EEA. During the additional two-year period of market exclusivity, a generic or biosimilar marketing authorization can be submitted, and the innovator's data may be referenced, but no generic or biosimilar product can be marketed until the expiration of the market exclusivity period. The overall ten-year period will be extended to a maximum of 11 years if, during the first eight years of those ten years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are determined to bring a significant clinical benefit in comparison with currently approved therapies. Even if an innovative medicinal product gains the prescribed period of data exclusivity, another company may market another version of the product if such company obtained a marketing authorization based on an application with a complete and independent data package of pharmaceutical tests, preclinical tests and clinical trials.

European orphan designation and exclusivity

In the EEA, the EMA's Committee for Orphan Medicinal Products grants orphan drug designation to promote the development of products that are intended for the diagnosis, prevention or treatment of life-threatening or chronically debilitating conditions which either affect no more than 5 in 10,000 persons in the European Union, or where it is unlikely that the marketing of the medicine would generate sufficient return to justify the necessary investment in its development. In each case, no satisfactory method of diagnosis, prevention or treatment has been authorized (or, if such a method exists, the product in question would be of significant benefit to those affected by the condition).

In the EEA, orphan drug designation entitles a party to financial incentives such as reduction of fees or fee waivers, and ten years of market exclusivity is granted following marketing approval for the orphan product. This period may be reduced to six years if, at the end of the fifth year, it is established that the orphan drug designation criteria are no longer met, including where it is shown that the product is sufficiently profitable not to

justify maintenance of market exclusivity. During the period of market exclusivity, marketing authorization may only be granted to a "similar medicinal product" for the same therapeutic indication if: (i) a second applicant can establish that its product, although similar to the authorized product, is safer, more effective or otherwise clinically superior; (ii) the marketing authorization holder for the authorized product consents to a second orphan medicinal product application; or (iii) the marketing authorization holder for the authorized product cannot supply enough orphan medicinal product. A "similar medicinal product" is defined as a medicinal product containing a similar active substance or substances as contained in an authorized orphan medicinal product, and which is intended for the same therapeutic indication. Orphan drug designation must be requested before submitting an application for marketing approval. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

European pediatric investigation plan

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

PRIME Designation

In March 2016, the EMA launched an initiative to facilitate development of product candidates in indications, often rare, for which few or no therapies currently exist. The PRIority Medicines (PRIME), scheme is intended to encourage drug development in areas of unmet medical need and provides accelerated assessment of products representing substantial innovation, where the marketing authorization application will be made through the centralized procedure. Eligible products must target conditions for which where is an unmet medical need (there is no satisfactory method of diagnosis, prevention or treatment in the EEA or, if there is, the new medicine will bring a major therapeutic advantage) and they must demonstrate the potential to address the unmet medical need by introducing new methods of therapy or improving existing ones. Products from small- and medium-sized enterprises may qualify for earlier entry into the PRIME scheme than larger companies. Many benefits accrue to sponsors of product candidates with PRIME designation, including but not limited to, early and proactive regulatory dialogue with the EMA, frequent discussions on clinical trial designs and other development program elements, and accelerated marketing authorization application assessment once a dossier has been submitted. Importantly, a dedicated contact and rapporteur from the EMA's CHMP or Committee for Advanced Therapies are appointed early in PRIME scheme facilitating increased understanding of the product at EMA's Committee level. A kick-off meeting initiates these relationships and includes a team of multidisciplinary experts at the EMA to provide guidance on the overall development and regulatory strategies. Where, during the course of development, a medicine no longer meets the eligibility criteria, support under the PRIME scheme may be withdrawn.

Brexit and the Regulatory Framework in the United Kingdom

On June 23, 2016, the electorate in the UK voted in favor of leaving the EU, commonly referred to as Brexit, and the UK officially withdrew from the EU on January 31, 2020.

Pursuant to the formal withdrawal arrangements agreed between the UK and the EU, the UK was subject to a transition period until December 31, 2020 (Transition Period), during which EU rules continued to apply. The EU-UK Trade and Cooperation Agreement, which outlines the future trading relationship between the UK and the EU was agreed in December 2020.

Great Britain is no longer covered by the EU's procedures for the grant of marketing authorizations (Northern Ireland will be covered by the centralized authorization procedure and can be covered as a CMS under the decentralized or mutual recognition procedures). A separate marketing authorization will be required to market drugs in Great Britain. All medicinal products with a valid centralized MA on January 1, 2021 were automatically converted into Great Britain MAs (unless the MA holder opted out of such a conversion). For two years from 1 January 2021, the UK's regulator, the MHRA, may adopt decisions taken by the European Commission on the approval of new marketing authorizations through the centralized procedure, and the MHRA will have regard to marketing authorizations approved in a country in the European Economic Area (although in both cases a marketing authorization will only be granted if any Great Britain-specific requirements are met). Various national procedures are now available to place a drug on the market in the UK, Great Britain, or Northern Ireland, with the main national procedure having a maximum timeframe of 150 days (excluding time taken to provide any further information or data required). The data exclusivity periods in the UK are currently in line with those in the EU, but the EU-UK Trade and Cooperation Agreement provides that the periods for both data and market exclusivity are to be determined by domestic law, and so there could be divergence in the future. It is currently unclear whether the MHRA in the UK is sufficiently prepared to handle the increased volume of marketing authorization applications that it is likely to receive.

Orphan designation in Great Britain following Brexit is essentially identical to the position in the EU, but is based on the prevalence of the condition in Great Britain. It is therefore possible that conditions that are currently designated as orphan conditions in Great Britain will no longer be and that conditions that are not currently designated as orphan conditions in the EU will be designated as such in Great Britain.

The EU's regulatory environment for clinical trials is being harmonized as part of the Clinical Trial Regulations, which are due to enter into full effect at the end of 2021, but it is currently unclear as to what extent the UK will seek to align its regulations with the EU.

Personal Data Processing

The collection, use, transfer, disclosure, retention, security and other processing of personal data (including, without limitation, clinical trial data and other personal health data) (collectively, "Process" or "Processing") may be subject to independent and overlapping data security and privacy regulatory frameworks in the various jurisdictions in which we operate. These frameworks are evolving and may impose potentially conflicting obligations. For example, in the EEA, the European Union's General Data Protection Regulation (EU) 2016/679, which became effective May 25, 2018, governs the Processing of personal data. The GDPR applies to any company established in the EEA and to companies established outside the EEA that Process personal data in connection with the offering of goods or services to data subjects in the EEA or the monitoring of the behavior of data subjects in the EEA. The GDPR enhances data protection obligations for data controllers (such as clinical trial sponsors) of personal data, including stringent requirements relating to the consent of data subjects, expanded disclosures about how personal data is used, requirements to conduct privacy impact assessments for "high risk" Processing, limitations on retention of personal data, special provisions for "sensitive information" including health and genetic information of data subjects, mandatory data breach notification and "privacy by design" requirements, and direct obligations on service providers acting as data processors. The GDPR also imposes strict rules on the transfer of personal data outside of the EEA to countries that do not ensure an adequate level of protection for personal data, like the U.S. Such transfers of personal data outside of the EEA require the use of a valid "transfer mechanism" and, in many cases, the implementation of supplementary technical, organizational and/or contractual measures. Failure to comply with the requirements of the GDPR and the related national data protection laws of the EEA Member States may result in fines up to 20 million euros or

4% of a company's global annual revenues for the preceding financial year, whichever is higher. Moreover, the GDPR grants data subjects the right to request deletion of personal data in certain circumstances, and claim material and non-material damages resulting from infringement of the GDPR. Notwithstanding the UK's withdrawal from the European Union, by operation of the so-called "UK GDPR", the GDPR continues to apply in substantially equivalent form in the context of the UK, UK establishments and UK-focused personal data Processing operations. Under the post-Brexit Trade and Cooperation Agreement between the EU and the UK, the UK and EU have agreed that personal data transfers to the UK from EEA Member States will not be treated as 'restricted transfers' to a non-EEA country for a period of up to four months from January 1, 2021, plus a potential further two months extension. If the European Commission does not adopt an "adequacy decision" in respect of the UK during this period, from that point onwards the UK will be an "inadequate third country" under the GDPR and transfers of personal data from the EEA to the UK will require a valid "transfer mechanism."

In the United States, there are a broad variety of data protection laws and regulations that may apply to our activities such as state data breach notification laws, state personal data privacy laws (for example, the California Consumer Privacy Act of 2018 (CCPA), state health information privacy laws, and federal and state consumer protection laws.

Given the breadth and depth of changes in data protection obligations, achieving and maintaining compliance with applicable data protection laws and regulations such as the GDPR, UK GDPR and CCPA will require significant time, resources and expense, and we may be required to put in place new or additional mechanisms to ensure compliance with current, evolving and new data protection requirements. This may be an onerous undertaking and adversely affect our business, financial condition, results of operations and prospects.

Rest of the World Regulation

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

Facilities

Our corporate registered office is The Dorothy Hodgkin Building Babraham Research Campus, Babraham, Cambridge, United Kingdom CB22 3FH. Due to the continuing impact of the COVID-19 global pandemic since our inception, we and many members of the Centessa Subsidiaries have been successfully working virtually and have not been able to identify premises to serve as our headquarters. We plan to locate our headquarters in Cambridge, Massachusetts once we are able to find space that we believe is suitable for our business and that is available on commercially reasonable terms.

Employees and Human Capital

As of April 15, 2021, we and our subsidiaries had an aggregate of 34 full-time employees and 46 contractors. A contractor is defined as anyone directly contracted for a certain number of hours or days or in respect of a particular project. This does not include anyone that is engaged on an ad-hoc basis or contracted through a CRO or other firm without a direct contract. 21 of our employees have M.D. or Ph.D. degrees. Within our workforce, 22 employees are engaged in research and development and 12 are engaged in business development, finance, legal, and general management and administration. None of our employees are represented by labor unions or covered by collective bargaining agreements. We consider our relationship with our employees to be good.

Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and new employees, advisors and consultants. The principal purposes of our equity and cash incentive plans are to attract, retain and reward personnel through the granting of stock-based and cash-based compensation awards, in order to increase shareholder value and the success of our company by motivating

such individuals to perform to the best of their abilities and achieve our objectives. We also seek to align the incentives of the operational teams at our subsidiaries with our business objectives by employing incentivization agreements with such individuals.

As a global company, much of our success is rooted in the diversity of our teams and our commitment to inclusion. We value diversity at all levels and continue to focus on extending our diversity and inclusion initiatives across our entire workforce, from working with managers to develop strategies for building diverse teams to promoting the advancement of leaders from different backgrounds.

Legal Proceedings

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

MANAGEMENT

Executive Officers and Directors

Our executive officers, directors and other key personnel and their respective ages and positions as of March 1, 2021:

Name	Age	Position(s)
Executive Officers		
Saurabh Saha, M.D., Ph.D.	44	Chief Executive Officer and Director
Gregory Weinhoff, M.D., M.B.A.	50	Chief Financial Officer
Marella Thorell	54	Chief Accounting Officer
Iqbal Hussain	40	General Counsel
David Chao, Ph.D.	53	Chief Administrative Officer
Antoine Yver, M.D., M.Sc.	63	Chief Medical Officer
Non-Employee Directors		
Francesco De Rubertis, Ph.D.	51	Director and Chairman of the Board
Arjun Goyal, M.D., M.Phil, M.B.A.	38	Director
Aaron Kantoff	35	Director
Brett Zbar, M.D.	48	Director
Mary Lynne Hedley, Ph.D.	58	Director
Samarth Kulkarni, Ph.D.	42	Director
Robert Califf, M.D.	69	Director

The following is a biographical summary of the experience of our executive officers and directors. There are no family relationships among any of our executive officers or directors.

Executive Officers

Saurabh Saha, M.D., Ph.D., has served as our Chief Executive Officer and a member of the Board of Directors since January 2021. Prior to that, from 2017 to 2021, Dr. Saha served as a Senior Vice President of R&D at Bristol Myers Squibb, where he led translational medicine across all therapeutic areas spanning discovery, development and commercialization. Prior to that, from 2015 to 2017, Dr. Saha was a venture partner at Atlas Venture where he held leadership positions with a number of its portfolio biotech companies, including as Chief Medical Officer of Synlogic and as Chief Executive Officer of Delinia until its sale. Earlier in his career, Dr. Saha was a management consultant in the pharmaceutical practice at McKinsey & Company and subsequently appointed director and head of the New Indications Discovery Unit at Novartis. Dr. Saha holds an M.D. and Ph.D. in cancer genetics from The Johns Hopkins School of Medicine. He is an alumnus of Harvard Business School and Oxford University, studying general management and biochemistry, respectively. Dr. Saha received a B.Sc. in biology from the California Institute of Technology (Caltech). We believe Dr. Saha is qualified to serve on our board of directors based on his biotech, pharmaceutical, and venture capital leadership experiences.

Gregory Weinhoff, M.D., M.B.A., has served as our Chief Financial Officer since February 2021. Previously, Dr. Weinhoff served as Chief Financial Officer and Chief Business Officer of Arvelle Therapeutics, B.V. from February 2019 to February 2021. Dr. Weinhoff also served as Chief Financial Officer of Axovant Sciences, Inc. from August 2015 to June 2019. Dr. Weinhoff was employed by Collinson Howe Venture Partners, an investment advisory firm, from 2001 until August 2015 and during that time served as a Member of the General Partners of various CHL Medical Partners affiliated venture capital funds. From 2000 to 2001, he was a senior associate at J. H. Whitney & Co., a private equity firm, where he concentrated on private equity investments in healthcare technology and services companies. Prior to his graduate training, Dr. Weinhoff was a financial analyst in the Healthcare Corporate Finance Group at Morgan Stanley & Co., an investment bank. Dr. Weinhoff received his A.B. in economics from Harvard College, his M.D. from Harvard Medical School and his M.B.A. from Harvard Business School.

Marella Thorell, has served as our Chief Accounting Officer since April 2021 and previously served as Head of Finance since February 2021. Prior to that, Ms. Thorell served as Chief Financial Officer of Palladio Biosciences from October 2019 to January 2021, leading Palladio's finance operations and capital strategy and execution. Ms. Thorell served in various roles at Realm Therapeutics from October 2008 until August 2019, ultimately serving as Chief Financial Officer, Chief Operating Officer and Executive Director of Realm Therapeutics (Nasdaq: RLM). In this role, she led accounting and financial reporting operations and helped transition Realm's focus to drug development following a strategic overhaul and was responsible for divesting domestic and international operating businesses and in-licensing and out-licensing assets. Earlier in her career Ms. Thorell worked for Campbell Soup Company (NYSE: CPB) in finance and operational roles of increasing responsibility and at Ernst & Young, LLP where she earned a CPA. Ms. Thorell serves on the Boards of Essa Pharm (Nasdaq: EPIX) and Vallon Pharmaceuticals (Nasdaq: VLON), serving as Chair of the Audit Committee at Vallon. Ms. Thorell is also on the Board of Directors of Living Beyond Breast Cancer (lbbc.org). Ms. Thorell earned a B.S. in Business from Lehigh University, magna cum laude.

Iqbal Hussain, has served as our General Counsel since February 2021. Prior to that, Mr. Hussain served as a Partner in the Global Corporate Group at Reed Smith LLP from September 2019 to January 2021, where he led Reed Smith's Life Sciences corporate practice across EMEA. Before joining Reed Smith, Mr. Hussain held roles at Johnson & Johnson, from February 2014 to August 2019, where he served initially as Senior Counsel and subsequently as Legal Director of M&A. Mr. Hussain began his career at Slaughter and May where he advised clients on public and private M&A, from August 2005 until January 2012. Between January 2012 and February 2014, Mr. Hussain was a Senior Associate in the Corporate M&A team at Ropes & Gray LLP. Mr. Hussain received an LLB from the University of Sheffield in 2004 and completed his post graduate legal education at the Oxford Institute of Legal Practice in 2005.

David Chao, Ph.D., has served as our Chief Administrative Officer since April 2021. Previously, Dr. Chao served as the Chief Executive Officer of the Stowers Institute for Medical Research from 2010 to 2020 and the Chief Executive Officer of BioMed Valley Discoveries, Inc. from 2007 to 2009 and 2014 to 2021. From 2004 to 2007, he worked at the Novartis Institutes of BioMedical Research, with the last position of Head, Strategic Alliances Global Operations. From 2012 to 2020, Dr. Chao was a member of the Board of Directors of the American Century Companies. Dr. Chao was previously a consultant with McKinsey & Company and a founder of Akceli Inc., ANDE Corporation and Nectagen Inc. He received his A.B./A.M. in Biology from Harvard University and his Ph.D. in Biology from MIT.

Antoine Yver M.D., M.Sc., has served as our Chief Medical Officer since May 2021. Previously, from April 2016 to April 2021, Dr. Yver served as Executive Vice President & Global Head, R&D Oncology and Chair of the Cancer Enterprise at Daiichi Sankyo Ltd. From 2009 to 2016, Dr. Yver held various positions of increasing responsibility at AstraZeneca PLC including Vice President, Clinical Development, Oncology and Infection, Senior Vice President, Global Medicine Head, Oncology and Global Medicines Development China lead. Earlier, Dr. Yver held various clinical development roles at Schering-Plough Corporation (now Merck & Co.), Johnson & Johnson, Aventis Pharmaceuticals, Inc., Rhône-Poulenc Rorer, Inc, Applied Immune Sciences, Inc, and Chugai-RP. Dr. Yver has played a pivotal role in the development and approvals of 11 different drugs, including Tagrisso®, Lynparza®, and Enhertu®. He led the development of Tagrisso® in 2 years 7 months from first human dose to U.S. approval and its rapid deployment to all other major regions, which was the fastest ever for an anti-cancer drug. Dr. Yver is a pediatric oncologist and holds an M.D. from Université Paris-Saclay and an M.Sc. in Immunology from the Université Paris VI.

Non-Employee Directors

Francesco De Rubertis, Ph.D., joined our board of directors in November 2020. Dr. De Rubertis is a co-founder and Partner at Medicxi since 2016. Prior to Medicxi, Francesco was a Partner at Index Ventures for 19 years, having joined the firm in 1997 to launch its life sciences practice. Dr. De Rubertis serves on the boards of a number of private biotechnology companies, including Rivus Pharmaceuticals, Synox Therapeutics and Levicept.

Dr. De Rubertis's prior investments include CellZome, GenMab (Copenhagen: GEN.CO), GenSight Biologics (Euronext: SIGHT), Micromet, Minerva Neurosciences (NASDAQ:NERV), Molecular Partners (Swiss:MOLN.SW), PanGenetics, Parallele Biosciences, Profibrix and Versartis (NASDAQ:VSAR). Dr. De Rubertis received a B.A. in Genetics and Microbiology from the University of Pavia (Italy) and a PhD in Molecular Biology from the University of Geneva (Switzerland) after which he became a postdoctoral scientist at the Whitehead Institute at M.I.T. He is a Chartered Financial Analyst and serves on the main board of the University of Geneva (Switzerland). We believe Dr. De Rubertis is qualified to serve on our board of directors because of his experience as a seasoned investor in the industry in which we operate.

Arjun Goyal, M.D., M.Phil, M.B.A., joined our board of directors in January 2021. Dr. Goyal is a Co-Founder and Managing Director of Vida Ventures, a life sciences investment firm that he co-founded in 2017. Dr. Goyal serves as a director on the boards of Scorpion Therapeutics, Quanta Therapeutics, Affini-T and has played key roles in Vida Venture's investments in Homology Medicines (NASDAQ:FIXX), Pionyr Immunotherapeutics (acquired), Peloton Therapeutics (acquired) and Asklepios Bio (acquired). Before Vida Ventures, Arjun was a life sciences investor at 5AM Ventures from 2014 to 2017. Dr. Goyal received his B.S. in Medical Science, Diploma in French and his M.D. degree from the Universities of Melbourne and Oxford. He completed his postgraduate clinical training in Internal Medicine in Sydney. He received his M.Phil. in Bioscience Enterprise from University of Cambridge and his M.B.A. from Harvard Business School. We believe Dr. Goyal is qualified to serve on our board of directors because of his experience as a seasoned investor in the industry in which we operate.

Aaron Kantoff joined our board of directors in January 2021. Mr. Kantoff is currently a Venture Partner at Medicxi, a position he has held since May 2020. Prior to joining Medicxi, Aaron was most recently a partner with Apple Tree Partners, or ATP, where he was a key member of the life science investment team since 2011. While at ATP, Mr. Kantoff served on the boards of several portfolio companies, including Akero Therapeutics (NASDAQ: AKRO), Corvidia Therapeutics (acquired by Novo Nordisk), Elstar Therapeutics, Limelight Bio and Syntimmune (acquired by Alexion). Prior to joining ATP, Mr. Kantoff held roles in private equity and investment banking. In addition to his role on our board of directors, he currently serves on the boards of two private biotech companies for which he was a founding board member, RayzeBio and Silagene. Mr. Kantoff received a B.S. in Finance and International Business from New York University's Stern's School of Business. We believe Mr. Kantoff is qualified to serve on our board of directors because of his experience as a seasoned investor and operator in the industry in which we operate.

Brett Zbar, M.D., joined our board of directors in January 2021. Dr. Zbar currently serves as Managing Director and Global Head of Life Sciences at General Atlantic, a global growth equity firm. Before joining General Atlantic in 2020, from 2015 to 2020, Dr. Zbar was a Managing Director at Foresite Capital, where he focused on backing healthcare entrepreneurs and companies at all stages. While at Foresite, Dr. Zbar served as a board member or observer at multiple companies including ConnectiveRx, Kinnate Biopharma, ORIC Pharmaceuticals, Peloton Therapeutics, Pharvaris, Replimune, Signant Health, Turning Point Therapeutics and VenatoRx Pharmaceuticals. Prior to that, Dr. Zbar was a Partner at Aisling Capital, where from 2004 to 2014 he invested in life sciences companies developing and commercializing innovative products, services and technologies. Dr. Zbar began his career in McKinsey & Company's Pharmaceuticals and Medical Products practice and completed his internship in internal medicine on the Osler Medical Service at Johns Hopkins Hospital. Dr. Zbar received his M.D. from Harvard Medical School and holds a B.A. in English and Molecular Biophysics & Biochemistry from Yale University. We believe Dr. Zbar is qualified to serve on our board of directors because of his experience as a seasoned investor in the industry in which we operate.

Mary Lynne Hedley, Ph.D., joined our board of directors in February 2021. Dr. Hedley served as Director, President and Chief Executive Officer of TESARO, a biotechnology company she also co-founded, from 2010 until 2020. Dr. Hedley received a B.S. in Microbiology from Purdue University in 1983 and a Ph.D. in Immunology from UT Southwestern, Dallas in 1988. We believe Dr. Hedley is qualified to serve on our board of directors because of her executive and industry experience.

Samarth Kulkarni, Ph.D., joined our board of directors in February 2021. Dr. Kulkarni has served as Chief Executive Officer of CRISPR Therapeutics AG (NASDAQ: CRSP) since December 1, 2017 and as a member of its

Board of Directors since June 2018. Previous to that, Dr. Kulkarni served as President and Chief Business Officer of CRISPR Therapeutics AG from May 2017 to November 30, 2017 and, before that, as its Chief Business Officer from August 2015. Prior to joining CRISPR Therapeutics AG, Dr. Kulkarni was at McKinsey & Company from 2006 to July 2015, with various titles, his most recent being Partner within the Pharmaceuticals and Biotechnology practice. Dr. Kulkarni has also served as a member of the board of directors of Black Diamond Therapeutics, Inc., an oncology company, since December 2019. Dr. Kulkarni received a Ph.D. in Bioengineering and Nanotechnology from the University of Washington and a B. Tech. from the Indian Institute of Technology. Dr. Kulkarni has authored several publications in leading scientific and business journals. We believe Dr. Kulkarni's experience in the pharmaceutical industry qualifies him to serve on our Board of Directors.

Robert Califf, M.D., joined our board of directors in February 2021. Dr. Califf is the head of clinical strategy and policy for Verily Life Sciences and Google Health. Previously, he was Vice Chancellor for Health Data Science at Duke Health and Director of the Duke University Center for Health Data Science. He is now an adjunct professor at Duke University and Stanford University. Dr. Califf has also served on the board of directors of Cytokinetics, Incorporated (Nasdaq:CYTK) since February 2018. Dr. Califf served as Commissioner of the United States Food and Drug Administration (FDA) between February 2016 and January 2017, and as Deputy Commissioner of the FDA's Office of Medical Products and Tobacco from January 2015 until January 2017. Prior to joining the FDA, Dr. Califf was Professor of Medicine and Vice Chancellor for Clinical and Translational Research at Duke University. He also served as Director of the Duke Translational Medicine Institute and founding Director of the Duke Clinical Research Institute. Dr. Califf has led dozens of landmark clinical trials and he has been recognized as one of the top ten most-cited medical authors with more than 1,300 peer-reviewed publications. Dr. Califf received both a B.S. and an M.D. from Duke University. We believe Dr. Califf is qualified to serve on our board of directors because of his extensive drug development experience, regulatory expertise and clinical research knowledge.

Composition of Our Board of Directors

Our board of directors currently consists of eight members, all of whom were elected pursuant to the board composition provisions in our articles of association, which is described under "Certain Relationships and Related Party Transactions—Agreements with Our Shareholders" in this prospectus. These board composition provisions will terminate upon the closing of this offering as the articles of association adopted by us immediately prior to closing of this offering will not include such provisions and the investment agreement relating to the group will terminate immediately prior to closing. Upon the termination of these provisions, there will be no further contractual obligations regarding the election of our directors. Our nominating and governance committee and board of directors may therefore consider a broad range of factors relating to the qualifications and background of nominees, which may include diversity and is not limited to race, gender or national origin. Whilst we take diversity very seriously, currently we have no formal policy regarding board diversity. Our nominating and governance committee's and board of directors' priority in selecting board members is identification of persons who will further the interests of our shareholders through his or her established record of professional accomplishment, the ability to contribute positively to the collaborative culture among board members, knowledge of our business, understanding of the competitive landscape and professional and personal experiences and expertise relevant to our growth strategy. Our directors hold office until their successors have been elected and qualified or until the earlier of their resignation or removal.

At every subsequent annual general meeting any director who either (i) has been appointed by the board of directors since the last annual general meeting or (ii) was not appointed or reappointed at one of the preceding two annual general meetings, must retire from office and may offer themselves for reappointment by the shareholders by ordinary resolution. See "Description of Share Capital and Articles of Association—Post-IPO Articles of Association—Board of Directors."

Our board of directors has determined that all members of the board of directors, except are independent, as determined in accordance with the rules of Nasdaq. In making such independence determination, our board of directors considered the relationships that each such non-employee director has with us and all other

facts and circumstances that the board of directors deemed relevant in determining their independence. Upon the effectiveness of the registration statement of which this prospectus forms a part, we expect that the composition and functioning of our board of directors and each of our committees will comply with all applicable requirements of Nasdaq and the rules and regulations of the SEC.

Staggered Board

Our articles of association to be effective upon completion of this offering provide that our board of directors will be divided into three classes, Class I, Class II and Class III, each of which will consist, as nearly as possible, of one-third of the total number of directors constituting our entire board and which will serve staggered three-year terms. At each annual general meeting, the successors of 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 Class I directors will be ;
- Our Class II directors will be ; and
- Our Class III directors will be .

Our articles of association to be effective upon completion of this offering provide that the authorized number of directors may be changed only by ordinary resolution of the shareholders. 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 shall consist of one third of the board of directors.

The division of our board of directors into three classes with staggered three-year terms may delay or prevent shareholder efforts to effect a change of our management or a change in control.

Board's Role in Risk Oversight

Our board of directors oversees the management of risks inherent in the operation of our business and the implementation of our business strategies. Our board of directors performs this oversight role by using several different levels of review. In connection with its reviews of our operations and corporate functions, our board of directors addresses the primary risks associated with those operations and corporate functions. In addition, our board of directors reviews the risks associated with our business strategies periodically throughout the year as part of its consideration of undertaking any such business strategies.

Each of our board committees also oversees the management of our risk that falls within the committee's areas of responsibility.

In performing this function, each committee has full access to management, as well as the ability to engage advisors. Our Principal Financial Officer reports to the audit committee and is responsible for identifying, evaluating and implementing risk management controls and methodologies to address any identified risks. In connection with its risk management role, our audit committee meets privately with representatives from our independent registered public accounting firm and our Principal Financial Officer. The audit committee oversees the operation of our risk management program, including the identification of the primary risks associated with our business and periodic updates to such risks, and reports to our board of directors regarding these activities.

Board Committees

Our board of directors has established an audit committee, a compensation committee and a nominating committee, each of which operates pursuant to a separate charter adopted by our board of directors. The composition and functioning of all of our committees will comply with all applicable requirements of the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, Nasdaq and SEC rules and regulations.

Audit Committee

Upon the effectiveness of the registration statement of which this prospectus forms a part, will serve on the audit committee, which will be chaired by . Our board of directors has determined that each member of the audit committee is "independent" for audit committee purposes as that term is defined in the rules of the SEC and the applicable rules of Nasdaq. Our board of directors has designated as an "audit committee financial expert," as defined under the applicable rules of the SEC. The audit committee's responsibilities include:

- appointing, approving the compensation of, and assessing the independence of our independent registered public accounting firm;
- approving auditing and permissible non-audit services, and the terms of such services, to be provided by our independent registered public accounting firm;
- reviewing the internal audit plan with the independent registered public accounting firm and members of management responsible for preparing our financial statements;
- reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures as well as critical accounting policies and practices used by us;
- reviewing the adequacy of our internal control over financial reporting;
- establishing policies and procedures for the receipt and retention of accounting-related complaints and concerns;
- recommending, based upon the audit committee's review and discussions with management and the independent registered public accounting firm, whether our audited financial statements shall be included in our Annual Report on Form 10-K;
- monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements and accounting matters;
- preparing the audit committee report required by the SEC rules to be included in our annual proxy statement;
- reviewing all related party transactions for potential conflict of interest situations and approving all such transactions; and
- reviewing earnings releases.

Compensation Committee

Upon the effectiveness of the registration statement of which this prospectus forms a part, will serve on the compensation committee, which will be chaired by . Our board of directors has determined that each member of the compensation committee is "independent" as that term is defined in the applicable rules of Nasdaq. The compensation committee's responsibilities include:

- annually reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer and Chief Financial Officer;
- evaluating the performance of our Chief Executive Officer and Chief Financial Officer in light of such corporate goals and objectives and recommending or determining the compensation of our Chief Executive Officer;
- reviewing and recommending or determining the compensation of our other executive officers;
- reviewing and establishing our overall management compensation, philosophy and policy;
- overseeing and administering our compensation and similar plans;

- evaluating and assessing potential current compensation advisors in accordance with the independence standards identified in the applicable rules of the Nasdaq Stock Market;
- retaining and approving the compensation of any compensation advisors;
- reviewing and approving our policies and procedures for the grant of equity-based awards;
- reviewing and making recommendations to the board of directors with respect to director compensation;
- preparing the compensation committee report required by the SEC rules to be included in our annual proxy statement;
- reviewing and discussing with management the compensation discussion and analysis to be included in our annual proxy statement or Annual Report on Form 10-K; and
- reviewing and discussing with the board of directors corporate succession plans for the Chief Executive Officer and other key officers.

Nominating and Corporate Governance Committee

Upon the effectiveness of the registration statement of which this prospectus forms a part, will serve on the nominating and corporate governance committee, which will be chaired by . Our board of directors has determined that each member of the nominating and corporate governance committee is "independent" as that term is defined in the applicable rules of Nasdaq. The nominating and corporate governance committee's responsibilities include:

- developing and recommending to the board of directors criteria for board and committee membership;
- establishing procedures for identifying and evaluating board of director candidates, including nominees recommended by shareholders;
- identifying individuals qualified to become members of the board of directors;
- recommending to the board of directors the persons to be nominated for election as directors and to each of the board's committees;
- developing and recommending to the board of directors a set of corporate governance guidelines; and
- overseeing the evaluation of the board of directors and management.

Our board of directors may establish other committees from time to time.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee has at any time during the prior three years been one of our officers or employees. None of our executive officers currently serves, or in the past fiscal year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Corporate Governance

We intend to adopt, effective upon the effectiveness of the registration statement of which this prospectus forms a part, a written code of business conduct and ethics 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. Following the completion of this offering, a current copy of the code will be posted on the Corporate Governance section of our website, which is located at www.centessa.com. If we make any substantive amendments to, or grant any waivers from, the code of business conduct and ethics for any officer, we will disclose the nature of such amendment or waiver on our website or in a current report on Form 8-K.

EXECUTIVE COMPENSATION

Summary Compensation Table

Centessa Pharmaceuticals Limited, our parent entity and the issuer in this offering was newly-formed as a holding company and did not have any operations in 2020, and was incorporated in order to effect the Reorganization pursuant to which it acquired all of our current subsidiaries. As a result, we have set forth in the table below, disclosure of the total compensation that was paid or accrued for the executive officers of the same predecessor entities for which financial statements are included elsewhere in this prospectus for the fiscal year ended December 31, 2020. Specifically, we have provided executive compensation disclosure for the principal executive officers of such predecessor entities as well as two additional individuals who were the most highly compensated executive officers serving such predecessor entities as of December 31, 2020. For fiscal year 2020 only, the executive officers of the aforementioned predecessor subsidiaries listed below will be deemed our "Named Executive Officers" as of December 31, 2020:

- James Huntington, Z Factor's Founder and Chief Executive Officer;
- Nicholas Morrell, Morphogen-IX's Chief Executive Officer;
- Jonathan Finlay, LockBody's Chief Executive Officer;
- Jamie Coleman, LockBody's Chief Operating Officer; and
- Trevor Baglin, Z Factor's Chief Medical Officer.

In addition, neither Dr. Saha nor Dr. Weinhoff were executive officers during fiscal year ended December 31, 2020, so their information is not included in the table below. However, we have included certain additional information below regarding their compensation arrangements.

Name and principal position	Year	Salary(1) ($)	Option Awards(2) ($)	Nonequity Incentive Plan Awards ($)	All Other Compensation ($)	Total ($)
James Huntington *Z Factor's Founder and Chief Executive Officer*	2020	204,855	204,803	—	—	409,658
Nicholas Morrell *Morphogen-IX's Chief Executive Officer*	2020	320,940	—	—	—	320,940
Jonathan Finlay *LockBody's Chief Executive Officer*	2020	163,884	—	—	—	168,884
Jamie Coleman *LockBody's Chief Operating Officer*	2020	163,884	—	—	—	168,884
Trevor Baglin *Z Factor's Chief Medical Officer*	2020	65,554	102,404	—	—	167,958

(1) All values stated herein have been converted from UK pounds to U.S. dollar as of December 31, 2020, at a rate of $1.3657 to 1.
(2) Represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718, rather than an amount paid to or realized by the Named Executive Officer. The value of the grants is equal to the estimated fair value of the underlying share, less the nominal value exercise price.

Narrative Disclosure to Summary Compensation Table

Employment Agreements

Saurabh Saha. On November 19, 2020 (as amended on December 2, 2020), we entered into an offer letter with Dr. Saha, or the Saha Offer Letter, our Chief Executive Officer, pursuant to which Dr. Saha is entitled to a base salary of $600,000 and eligible to earn a target annual bonus of forty-five percent (45%) of his base salary (prorated for 2021 only). The Saha Offer Letter also provided Dr. Saha with a one-time sign-on bonus of $100,000, or the Sign-On Bonus. The Sign-On Bonus is subject to one hundred percent (100%) repayment within the ten (10)-day period following a termination of his employment by the Company for cause or his resignation for any reason other than good reason (as such terms are defined in the Saha Offer Letter) prior to the one year anniversary of his start date. He is also eligible to participate in the employee benefit plans available to our full-time U.S. employees, subject to the terms of those plans. In the event of a change in control (as such term is defined in the Saha Offer Letter) and provided Dr. Saha has remained in continued service through the date of such change in control, one hundred percent (100%) of the unvested portion of all of his time-based vesting equity grants will immediately vest.

Additionally, pursuant to the Saha Offer Letter, Dr. Saha has been granted an award of 8,338,971 options of the Company, or the Saha Equity Award. The Saha Equity Award vests at 25% per year, with annual cliff vesting in the first year and monthly vesting thereafter, subject to accelerated vesting in connection with a change in control.

Pursuant to the Saha Offer Letter, in the event Dr. Saha's employment is terminated by us without cause or Dr. Saha resigns for good reason, each a Qualifying Termination, subject to the execution and effectiveness of a general release of claims, he will be entitled to receive (i) 12 months of base salary, (ii) payment of the employer portion of COBRA premiums until the earliest of (A) the first anniversary of his date of termination, (B) the expiration of his eligibility for the continuation coverage under COBRA or (C) the date when he becomes eligible for substantially equivalent health insurance coverage in connection with new employment, and (iii) if such Qualifying Termination occurs within the fifteen-month period following his start date, or the Initial Service Period, the unvested portion of the Saha Equity as of the date of such Qualifying Termination Award that would have vested had he been in continuous service through the last day of the Initial Service Period will immediately vest.

Gregory Weinhoff. On February 27, 2021, we entered into an offer letter with Dr. Weinhoff, or the Weinhoff Offer Letter, our Chief Financial Officer, pursuant to which Dr. Weinhoff is entitled to a base salary of $450,000 and eligible to earn a target annual bonus of forty percent (40%) of his base salary (prorated for 2021 only). He is also eligible to participate in the employee benefit plans available to our full-time U.S. employees, subject to the terms of those plans. In the event of a change in control (as such term is defined in the Weinhoff Offer Letter) and provided Dr. Weinhoff has remained in continued service through the date of such change in control, one hundred percent (100%) of the unvested portion of all of his equity grants will immediately vest.

Additionally, pursuant to the Weinhoff Offer Letter, Dr. Weinhoff has been granted an equity award of 1,917,963 stock options of the Company, or the Weinhoff Equity Award. The Weinhoff Equity Award vests at 25% per year, with annual cliff vesting in the first year and monthly vesting thereafter, subject to accelerated vesting in connection with a change in control.

Pursuant to the Weinhoff Offer Letter, in the event Dr. Weinhoff's employment is terminated by us without cause or Mr. Weinhoff resigns for good reason, each a Qualifying Termination, subject to the execution and effectiveness of a general release of claims, he will be entitled to receive (i) 12 months of base salary, and (ii) payment of the employer portion of COBRA premiums until the earliest of (A) the first anniversary of his date of termination, (B) the expiration of his eligibility for the continuation coverage under COBRA or (C) the date when he becomes eligible for substantially equivalent health insurance coverage in connection with new employment.

James Huntington and Trevor Baglin Outsourcing Agreements. On January 1, 2020, Z Factor Limited entered into outsourcing agreements with Mr. Huntington, Z Factor's Chief Executive Officer and Trevor Baglin, Z Factor's Chief Medical Officer, pursuant to which Messrs. Huntington and Baglin are entitled to reimbursement for certain development costs and travel expenses. These agreements were not amended or terminated as a result of the January 2021 business combinations among the Centessa Subsidiaries.

Nicholas Morrell. On March 25, 2019, Morphogen-IX Limited entered into a service agreement with Mr. Morrell, Morphogen-IX's Chief Executive Officer, the Morrell Service Agreement, pursuant to which Mr. Morrell is entitled to receive a base salary of £230,000, which is subject to annual review, and eligible to earn an annual discretionary bonus. Mr. Morrell is also eligible to participate in any insurance or assurance schemes provided by Morphogen-IX, and Morphogen-IX provides pension benefits in conformance with its statutory obligations. The Morrell Service Agreement may be terminated by Morphogen-IX or Mr. Morrell, by providing the other party three months' notice in writing. In lieu of notice, the Company may terminate Mr. Morrell's employment immediately, and at any time and pay him a lump sum payment equal to the base salary that he would have earned during the notice period. The Morrell Service Agreement also contains standard intellectual property and confidentiality provisions, which survive termination, and 12 month post-termination non-competition and non-solicitation restrictive covenants. This agreement was not amended or terminated as a result of the January 2021 business combinations among the Centessa Subsidiaries.

Dr. William James Jonathan Finlay and Dr. James Edward Coleman Service Agreements. On January 18, 2021, LockBody Therapeutics entered into service agreements with Mr. Finlay, LockBody's Chief Executive Officer, and Dr. Coleman, LockBody's Chief Operating Officer, together the LockBody Service Agreements, pursuant to which Messrs. Finlay and Coleman are each entitled to receive a base salary of £120,000, which is subject to annual review, and are eligible to earn an annual discretionary bonus. Messrs. Finlay and Coleman are also eligible to participate in any insurance or assurance schemes provided by LockBody, and LockBody provides pension benefits in conformance with its statutory obligations. The LockBody Service Agreements may be terminated by LockBody or Messrs. Finlay or Coleman, as applicable, by providing the other party three months' notice in writing. In lieu of notice, the Company may terminate Messrs. Finlay or Coleman's employment immediately, and at any time and pay him a lump sum payment equal to the base salary that he would have earned during the notice period. The LockBody Service Agreements also contain standard intellectual property and confidentiality provisions, which survive termination, and 12 month post-termination non-competition and non-solicitation restrictive covenants. These agreements were not amended or terminated as a result of the January 2021 business combinations among the Centessa Subsidiaries.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth certain information with respect to outstanding equity awards of our Named Executive Officers as of December 31, 2020. The market value of the shares in the following table is the fair value of such shares at December 31, 2020.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable(1)	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
James Huntington	62,857(2)	—	0.01366	2/5/2025
	26,307(4)	—	0.00014	2/28/2027
	63,989(2)	4,262	0.01366	3/02/2027
	111,804(4)	37,268	0.00014	12/14/2027
	24,113(4)	—	0.00014	1/1/2028
	—	32,778(2)	0.01366	3/30/2030
	—	86,229(4)	0.00014	10/7/2030
Nicholas Morrell	78,359(3)	—	0.01366	10/30/2025
	—	33,581(3)	0.01366	08/08/2028
	—	68,699(3)	0.01366	12/14/2028
	—	54,045(3)	0.01366	3/25/2029
Jonathan Finley	—	—	—	—
Jamie Coleman	—	—	—	—
Trevor Baglin	24,661(4)	1,646	0.00014	2/28/2027
	111,804	37,268(4)	0.00014	12/14/2027
		16,389(2)	0.01366	3/6/2030
	—	78,449(4)	0.00014	10/7/2030

(1) The options vest 25% on the first anniversary of the grant date and in equal quarterly installments thereafter. In 2021, all of the options were fully accelerated in connection with the acquisition of the applicable portfolio company and converted into unrestricted shares of the Company.
(2) This reflects a number of shares underlying an option to purchase shares of Z Factor.
(3) This reflects a number of shares underlying an option to purchase shares of Morphogen-IX Limited.
(4) This reflects a number of shares underlying an option to purchase shares of ApcinteX Limited.
(5) All values stated herein have been converted from UK pounds to U.S. dollar as of December 31, 2020, at a rate of 1.3657 to 1.

Equity Compensation Plans

2021 Stock Option and Incentive Plan

Our 2021 Stock Option and Incentive Plan was adopted by us on January 29, 2021 after being approved by our shareholders on January 28, 2021, or the 2021 Plan. The 2021 Plan will allow the compensation, nomination and corporate governance committee to make equity-based incentive awards to our officers, employees, directors and other key persons, including consultants.

Authorized Shares. We have initially reserved 24,721,596 shares of our ordinary shares for the issuance of awards under the 2021 Plan. This number will be subject to adjustment in the event of a stock split, stock dividend or other change in our capitalization. The shares we issue under the 2021 Plan will be authorized but

unissued shares or shares that we reacquire. The ordinary shares underlying any awards that are forfeited, cancelled, held back upon exercise or settlement of an award to satisfy the exercise price or tax withholding, reacquired by us prior to vesting, satisfied without the issuance of shares, expire or are otherwise terminated, other than by exercise, will be added back to the ordinary shares available for issuance under the 2021 Plan. The maximum number of ordinary shares that may be issued as incentive stock options may not exceed 24,721,596.

Non-Employee Director Limit. Our 2021 Plan contains a limitation whereby the value of all awards under our 2021 Plan and all other cash compensation paid by us to any non-employee director may not exceed $1,000,000.

Administration. The 2021 Plan will be administered by our Board or compensation committee, or the Administrator. Our Administrator will have full power to select the individuals to whom awards will be granted from among the individuals eligible for awards, to make any combination of awards to participants and to determine the specific terms and conditions of each award, subject to the provisions of the 2021 Plan.

Eligibility. Persons eligible to participate in the 2021 Plan will be those employees, non-employee directors and consultants, as selected from time to time by our Administrator in its discretion.

Options. The 2021 Plan permits the granting of both options to purchase ordinary shares intended to qualify as incentive stock options under Section 422 of the Code and options that do not so qualify. The exercise price of each option will be determined by our Administrator, but may not be less than 100% of the fair market value of our ordinary shares on the date of grant unless the option is granted (i) pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code or (ii) to individuals who are not subject to U.S. income tax. The term of each option will be fixed by our Administrator and may not exceed 10 years from the date of grant. Our Administrator will determine at what time or times each option may be exercised.

Stock Appreciation Rights. Our Administrator may award stock appreciation rights subject to such conditions and restrictions as it may determine. Stock appreciation rights entitle the recipient to ordinary shares, or cash, equal to the value of the appreciation in our stock price over the exercise price. The exercise price may not be less than 100% of the fair market value of our ordinary shares on the date of grant. The term of each stock appreciation right will be fixed by our Administrator and may not exceed 10 years from the date of grant. Our Administrator will determine at what time or times each stock appreciation right may be exercised.

Restricted Stock and Restricted Stock Units. Our Administrator may award restricted ordinary shares and restricted share units to participants subject to such conditions and restrictions as it may determine. These conditions and restrictions may include the achievement of certain performance goals and/or continued employment with us through a specified vesting period.

Unrestricted Stock Awards. Our Administrator may grant ordinary shares that are free from any restrictions under the 2021 Plan. Unrestricted stock may be granted to participants in recognition of past services or for other valid consideration and may be issued in lieu of cash compensation due to such participant.

Dividend Equivalent Rights. Our Administrator may grant dividend equivalent rights to participants that entitle the recipient to receive credits for dividends that would be paid if the recipient had held a specified number of ordinary shares.

Cash-Based Awards. Our Administrator may grant cash bonuses under the 2021 Plan to participants, subject to the achievement of certain performance goals.

Sale Event. The 2021 Plan provides that upon the effectiveness of a "sale event," as defined in the 2021 Plan, an acquirer or successor entity may assume, continue or substitute for the outstanding awards under the 2021 Plan. To the extent that awards granted under the 2021 Plan are not assumed or continued or substituted by

the successor entity, all unvested awards granted under the 2021 Plan shall be terminated. In such case, except as may be otherwise provided in the relevant award agreement, all options and stock appreciation rights with time-based vesting, conditions or restrictions that are not exercisable immediately prior to the sale event will become fully exercisable as of the sale event, all other awards with time-based vesting, conditions or restrictions will become fully vested and nonforfeitable as of the sale event, and all awards with conditions and restrictions relating to the attainment of performance goals may become vested and nonforfeitable in connection with the sale event in the plan administrator's discretion or to the extent specified in the relevant award agreement. In the event of such termination, individuals holding options and stock appreciation rights will be permitted to exercise such options and stock appreciation rights (to the extent exercisable) prior to the sale event. In addition, in connection with the termination of the 2021 Plan upon a sale event, we may make or provide for a cash payment to participants holding vested and exercisable options and stock appreciation rights equal to the difference between the per share cash consideration payable to shareholders in the sale event and the exercise price of the options or share appreciation rights.

Amendment. Our board of directors may amend or discontinue the 2021 Plan and our Administrator can amend or cancel outstanding awards for purposes of satisfying changes in law or any other lawful purpose, but no such action may adversely affect rights under an award without the holder's consent. Certain amendments to the 2021 Plan will require the approval of our shareholders.

No awards may be granted under the 2021 Plan after the date that is 10 years from the date of Board approval of the 2021 Plan.

Change in Control and other Severance Arrangement

In January 2021 we established incentivization arrangements pursuant to which certain members of the senior management teams of each predecessor entity are eligible to earn certain payments based on the attainment of corresponding milestone performance by and/or an exit event of such predecessor entity, as applicable to each executive. With respect to each predecessor entity, the arrangement is as follows:

For Z Factor, the milestone occurs upon the attainment of all approvals, licenses, permits, certifications registrations or authorizations necessary for the sale of ZF874 and related molecules in the United States, France, Germany, Italy, Spain or the United Kingdom. The milestone payment amount is $20,000,000 and Messrs. Huntington and Baglin are eligible to earn 58.065% and 6.452%, respectively, of such amount. Any milestone payment earned will be payable in a lump sum within twenty (20) days after attainment of the milestone. In addition, if a sale of a controlling interest in Z Factor or sale (or grant of an exclusive license) of ZF874 occurs prior to attainment of the milestone or within the three (3) year period following attainment of the milestone, an exit payment equal to 15.5% of the sale proceeds less any amounts previously paid as a milestone payment (if any) and any fees, costs and expenses of the sale (excluding any earn out, milestone, royalty payment or other contingent payments but including any escrow, holdback or similar amount) will become due and payable to certain employees. Messrs. Huntington and Baglin would be entitled to 58.065% and 6.452%, respectively, of the exit payment. To the extent an exit event occurs following the occurrence of an adverse event (which includes the failure to achieve milestones within the specified time period), no exit payment will become due unless sale proceeds are in excess of an amount in the eight-figure Euro range.

For Morphogen-IX, the milestone occurs upon the attainment of all approvals, licenses, permits, certifications registrations or authorizations necessary for the sale of MGX292, and other variants of BMP9 or BMP10 as well as, any prodrug, fragment, subunit, variant, mutant, oligomer, multimer, isoform, derivative, conjugate or fusion molecule thereof that is covered by one or more of the patents or patent applications held by the Company, or MGX292 Variants, in the United States, France, Germany, Italy, Spain or the United Kingdom. The milestone payment amount is $20,000,000 and Mr. Morrell is eligible to earn 55.231% of such amount. Any milestone payment earned will be payable in lump sum within twenty (20) days after attainment of the milestone. In addition, if a sale of a controlling interest in Morphogen-IX or sale (or grant of an exclusive license) of MGX292

occurs prior to attainment of the milestone or within the three (3) year period following attainment of the milestone, an exit payment equal to 13% of the sale proceeds less any amounts previously paid as a milestone payment (if any) and any fees, costs and expenses of the sale (excluding any earn out, milestone and/or royalty payment but including any escrow, holdback or similar amount) will become due and payable to certain employees. Mr. Morrell would be entitled to 55.231% of the exit payment. To the extent an exit event occurs following the occurrence of an adverse event (which includes the failure to achieve milestones within the specified time period), no exit payment will become due unless sale proceeds are in excess of an amount in the eight-figure Euro range.

For LockBody, the milestone occurs upon a designated asset (being either a LockBody Platform Technology (a molecular design technology which relates to the generation of a protein-based therapeutic) or a LockBody Product (a protein-based therapeutic product under development or developed by LockBody), in each case, comprising a first binding moiety (which is an antibody or T cell receptor or fragment thereof) and a second moiety (which is an antibody or T cell receptor or fragment thereof) and a peptide linker between the first moiety and the second moiety), that attains all approvals, licenses, permits, certifications registrations or authorizations necessary for the sale of a protein-based therapeutic in the United States, France, Germany, Italy, Spain or the United Kingdom, or Marketing Approval. The milestone may be achieved only once by a single designated asset that is a LockBody Product but can be achieved up to a maximum of two times in the event that two designated assets that are LockBody Products receive Marketing Approval. The payment amount in respect of each milestone achieved is $20,000,000 and Messrs. Finlay and Coleman are eligible to earn 55% and 45%, respectively, of such amount. Any milestone payment earned will be payable in a lump sum within twenty (20) days after attainment of the milestone. In addition, if a sale of a controlling interest in LockBody or sale (or grant of an exclusive license) of a LockBody Product occurs within prior to attainment of the milestone or within the three (3) year period following attainment of the milestone occurs, an exit payment equal to 15% of the sale proceeds less any amounts previously paid as a milestone payment (excluding any earn out, milestone and/or royalty payment but including any escrow, holdback or similar amount) will become due and payable to certain employees. Messrs. Finlay and Coleman would be entitled to 55% and 45%, respectively, of the exit payment. To the extent an exit event occurs following the occurrence of an adverse event (which includes the failure to achieve milestones within the specified time period), no exit payment will become due unless sale proceeds are in excess of an amount in the eight-figure Euro range.

Compensation of Directors

None of the individuals serving on the board of directors were, in respect of such service, paid any compensation for the fiscal year ended December 31, 2020.

Narrative Disclosure to Director Compensation Table

In connection with this offering, we intend to adopt a formal non-employee director compensation policy.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Within this section, we have calculated the dollar amounts using the historical exchange rate as of the closing date of each transaction. Other than compensation arrangements, we describe below transactions and series of similar transactions, since January 1, 2018, to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed $120,000 or 1% of our total assets at year-end for the last two completed fiscal years; and
- any of our directors, executive officers or holders of more than 5% of our share capital, or any member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest.

Compensation arrangements for our directors and named executive officers are described elsewhere in this prospectus.

Preferred Share Financings

Series A Preferred Share Financing

In January 2021, we consummated an offering of 44,545,456 shares of our Series A preferred shares at a subscription price of $5.50 per share for an aggregate amount of $245.0 million. In addition to the allotment of shares for cash, a further 1,136,363 Series A preferred shares were issued in satisfaction of the amount outstanding (being $5,000,000) under the convertible loan agreement entered into on 29 December 2020 at an effective subscription price of $4.40 per share. The following table summarizes subscriptions of our Series A Preferred Shares by related persons:

SHAREHOLDER	SERIES A PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	3,863,636	$ 20,000,001
Entities affiliated with General Atlantic	16,363,637	$ 90,000,000
Entities affiliated with Vida Ventures	6,363,636	$ 35,000,000

Transactions by Our Subsidiaries

Reorganization Transactions

We have entered into agreements with our subsidiaries in order to give effect our corporate reorganization prior to the completion of this offering. See “Share Capital Reorganization and Re-Registration” for more information.

Contingent Value Rights

In connection with our acquisition of the Centessa Subsidiaries in January 2021, we issued contingent value rights (CVRs), to former shareholders and option holders of Palladio Biosciences, Inc. (Palladio), payable in the form of our ordinary shares, upon the achievement of a specific clinical development milestone by Palladio. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Centessa Pharmaceuticals Limited—Contractual Obligations and Other Commitments” for more information. As former shareholders of Palladio, entities affiliated with Medicxi are eligible to receive up to an aggregate of approximately $17.6 million (in ordinary shares) under this CVR arrangement.

Palladio Biosciences Convertible Loan Note Financings and Series B Financing

In August 2018, our subsidiary, Palladio Biosciences, committed to issue convertible loan notes of $1.00 each up to $5,000,000 in aggregate in three tranches, the first tranche of $3,000,000 was issued in August 2018,

the second tranche of $1,000,000 was issued in May 2019 and the third tranche of $1,000,000 was issued in July 2019. The following table summarizes the subscription of convertible loan notes by related persons:

SHAREHOLDER	CONVERTIBLE LOAN NOTES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	5,000,000	$ 5,000,000

In August 2019, our subsidiary, Palladio Biosciences, committed to issue convertible loan notes of $1.00 each up to $10,000,000 in aggregate in two equal tranches, the first tranche was issued in August 2019 and the second tranche was issued in December 2019. The following table summarizes the subscription of convertible loan notes by related persons:

SHAREHOLDER	CONVERTIBLE LOAN NOTES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	5,000,000	$ 5,000,000

In July 2020, our subsidiary, Palladio Biosciences, issued convertible loan notes of up to an aggregate amount of $1,500,000 a single tranche. No related persons subscribed for any of these convertible loan notes.

The principal amount of all of the convertible loan notes plus the accrued interest thereon converted into Series B preferred shares in September 2020 at a subscription price of $1.76 per share, save for those convertible loan notes issued in July 2020 which converted into Series B preferred shares at a subscription price of $1.65 per share. The following table summarizes the subscriptions of the Series B Preferred Shares by related persons:

SHAREHOLDER	SERIES B PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	6,298,068	$ 11,084,602

In September 2020, our subsidiary, Palladio Biosciences, closed the initial tranche of its Series B financing with an offering of 4,545,454 shares of its Series B preferred shares at a subscription price of $2.20 per share for an aggregate amount of $9,999,999. The following table summarizes the subscriptions of the Series B Preferred Shares by related persons:

SHAREHOLDER	SERIES B PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	1,829,545	$ 4,024,999

In December 2020, our subsidiary, Palladio Biosciences closed the second tranche of its Series B financing with an offering of 3,863,634 shares of its Series B preferred shares at a purchase price of $2.20 per share for an aggregate amount of $8,499,995. The following table summarizes the subscriptions of the Series B Preferred Shares by related persons:

SHAREHOLDER	SERIES B PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	1,352,272	$ 2,974,998

ApcinteX Series A Financing and Series B Financing

In May 2018, our subsidiary, ApcinteX, consummated an offering of 680,218 shares of its Series A preferred shares at a subscription price of £6.248 per share for an aggregate subscription price of

£4,250,002. The following table summarizes the subscriptions of the Series A Preferred Shares by related persons:

SHAREHOLDER	SERIES A PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	295,479	£ 1,846,153

In April 2019, our subsidiary, ApcinteX, consummated an offering of 680,218 shares of its Series A preferred shares at a subscription price of £6.248 per share for an aggregate subscription price of £4,250,002. The following table summarizes the subscriptions of the Series A Preferred Shares by related persons:

SHAREHOLDER	SERIES A PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	295,480	£ 1,846,159

In October 2020, our subsidiary, ApcinteX, consummated an offering of 508,147 shares of its Series B preferred shares at a subscription price of £17.82 per share for an aggregate subscription price of £9,055,180. The following table summarizes the subscriptions of the Series B Preferred Shares by related persons:

SHAREHOLDER	SERIES B PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	452,031	£ 8,055,192

Pega-One Series A Financing

In March 2020, our subsidiary, Pega-One, committed to issue shares of its Series A ordinary shares at a subscription price of EUR 65.05 per share for an aggregate subscription price of EUR 30,000,000 in four tranches. The first tranche of 84,549 with an aggregate subscription price of EUR 5,499,912 were issued in April 2020. The other three tranches of funding did not close. The following table summarizes the subscriptions of the Series A Preferred Shares by related persons:

SHAREHOLDER	SERIES A PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	54,957	EUR 3,574,953

In March 2020, our subsidiary, Pega-One, issued a further 9,041 shares of its Series A preferred shares at a subscription price of EUR 55.30 per share for an aggregate subscription price of EUR 500,000 pursuant to the exercise of warrants issued by the Company in December 2019. The following table summarizes the subscriptions of the Series A Preferred Shares by related persons:

STOCKHOLDER	SERIES A PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	5,877	EUR 324,998

Morphogen-IX Series B Financing

In December 2018, our subsidiary, Morphogen-IX, consummated an offering of 874,999 shares of its Series B preferred shares at a purchase price of £8 per share for an aggregate subscription price of £6,999,992

and in addition £600,000 convertible loan notes converted into Series B Shares at a subscription price of £6.40 per share and a further £1,000,000 convertible loan notes converted into Series B Shares at a subscription price of £7.20 per share. The following table summarizes the subscriptions of the Series B Preferred Shares by related persons:

SHAREHOLDER	SERIES B PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Index Ventures	741,273	£ 5,752,594

Capella Bioscience Series B Financing and Series A Financing

In August 2019, our subsidiary, Capella Bioscience, consummated an offering of 252,525 shares of its Series A preferred shares at a subscription price of £1.98 per share for an aggregate subscription price of £500,000. The following table summarizes the subscriptions of Series A Preferred Shares by related persons:

SHAREHOLDER	SERIES A PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	84,175	£ 166,667

In May 2020, our subsidiary, Capella Bioscience, consummated an offering of 151,515 shares of its Series A preferred shares at a subscription price of £1.98 per share for an aggregate subscription price of £300,000. The following table summarizes the subscriptions of Series A Preferred Shares by related persons:

SHAREHOLDER	SERIES A PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	50,505	£ 100,000

In September 2020, our subsidiary, Capella Bioscience, consummated an offering of 3,144,104 shares of its Series B preferred shares, or the Series B Preferred Shares, at a subscription price of £2.29 per share for an aggregate subscription price of £7,199,998. The following table summarizes the subscriptions of Series B Preferred Shares by related persons:

STOCKHOLDER	SERIES B PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	1,572,052	£ 3,599,999

Inexia Series A Financing

In January 2019, our former subsidiary, Inexia, consummated an offering of 4,000,000 shares of its Series A preferred shares at a subscription price of EUR 5 per share for an aggregate subscription price of EUR 20,000,000 (EUR 4,000,320 of which was paid up at first completion (with 800,000 Series A Preferred Shares being paid up in full and 3,200,000 Series A Preferred Shares being paid up to the nominal value of only EUR 0.0001)). The following table summarizes the subscriptions of the Series A Preferred Shares by related persons:

SHAREHOLDER	SERIES A PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	4,000,000	EUR 20,000,000

In December 2019, the related persons paid a further amount of EUR 4,399,912 by way of payment of additional share premium at a price per share of EUR 5 on an aggregate of 880,000 of the total of 4,000,000 Series A Preferred Shares issued by our subsidiary Inexia in January 2019 and previously paid up only as to nominal value.

A further amount of EUR 11,599,768 of share premium remains unpaid on an aggregate of 2,320,000 of the total of 4,000,000 Series A Preferred Shares issued by our former subsidiary Inexia in January 2019, with such Series A Preferred Shares having been paid up only as to nominal value. Entities affiliated to Medicxi are no longer obliged to pay up the unpaid share premium on these shares following the contribution of the entire issued share capital of Inexia to Centessa Pharmaceuticals Limited, as described in the section titled "Share Capital Reorganization and Re-Registration".

Orexia Series A Financing

In January 2019, our subsidiary, Orexia, consummated an offering of 4,200,000 shares of its Series A preferred shares at a subscription price of EUR 4.76 per share for an aggregate subscription price of EUR 20,000,000 (EUR 4,200,332 of which was paid up at first completion with 882,000 Series A Preferred Shares being paid up in full and 3,318,000 Series A Preferred Shares being up to the nominal value only being EUR 0.0001). The following table summarizes the subscriptions of the Series A Preferred Shares by related persons:

SHAREHOLDER	SERIES A PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	4,200,000	EUR 20,000,000

In December 2019, as the first tranche of second completion, the related persons paid up a further amount of EUR 2,699,943 by way of payment of additional share premium at a price per share of EUR 4.76 on an aggregate of 567,000 of the total of 4,200,000 Series A Preferred Shares issued by our subsidiary Orexia in January 2019 and previously paid up only as to nominal value.

In February 2020, as the second tranche of second completion the related persons paid up an amount of EUR 2,699,943 by way of payment of additional share premium at a price per share of EUR 4.76 on an aggregate of 567,000 of the total of 4,200,000 Series A Preferred Shares issued by our subsidiary Orexia in January 2019 and previously paid up only as to nominal value.

A further amount of EUR 10,399,781.60 of share premium remains unpaid on an aggregate of 2,184,000 of the total of 4,200,000 Series A Preferred Shares issued by our subsidiary Orexia in January 2019, with such Series A Preferred Shares having been paid up only as to nominal value. Entities affiliated to Medicxi are no longer obliged to pay up the unpaid share premium on these shares following the contribution of the entire issued share capital of Orexia to Centessa Pharmaceuticals Limited, as described in the section titled "Share Capital Reorganization and Re-Registration".

Janpix Series B Financing and Series A Financing

In July 2017, our subsidiary, Janpix, consummated an offering of 72,499 shares of its Series A preferred shares at a subscription price of EUR 23.45 per share for an aggregate subscription price of EUR 1,699,961. The following table summarizes the subscriptions of the Series A Preferred Shares by related persons:

SHAREHOLDER	SERIES A PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	42,499	EUR 1,699,961

In March 2019, the related persons paid up a further amount of EUR 1,600,000 by way of payment of additional share premium on Series A preferred shares issued by our subsidiary Janpix in July 2017.

In January 2020, the related persons paid up a further amount of EUR 1,000,000 by way of payment of additional share premium on Series A preferred shares issued by our subsidiary Janpix in July 2017.

In June 2020, the related persons paid up a further amount of EUR 300,000 by way of payment of additional share premium on Series A preferred shares issued by our subsidiary Janpix in July 2017.

In August 2020, the related persons paid up a further amount of EUR 300,000 by way of payment of additional share premium on Series A preferred shares issued by our subsidiary Janpix in July 2017.

In October 2020, our subsidiary, Janpix, consummated an offering of 95,078 shares of its Series B preferred shares at a subscription price of EUR 84.14 per share for an aggregate subscription price of EUR 7,999,863. The following table summarizes the subscriptions of the Series B Preferred Shares by related persons:

SHAREHOLDER	SERIES B PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	95,078	EUR 7,999,863

LockBody Reorganization

In June 2018, our subsidiary, LockBody, issued an aggregate of 1,088,276 shares (consisting of an aggregate of 870,622 Series A preferred shares and an aggregate of 217,654 ordinary shares) as consideration for the transfer to the Company of: (i) an aggregate of 200,000 ordinary shares and 800,000 series A shares in the capital of Ultrahuman Two Limited; and (ii) an aggregate of 200,000 ordinary shares and 800,000 series A shares each in the capital of Ultrahuman Four Limited, in each case pursuant to a share exchange agreement. The following table summarizes the subscriptions of the Series B Preferred Shares by related persons:

SHAREHOLDER	SERIES B PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Index Ventures	870,622	800,000 series A shares in Ultrahuman Two 800,000 series A shares in Ultrahuman Four

Z Factor Series A Financing

In December 2018, our subsidiary, Z Factor, consummated an offering of 249,999 shares of its Series A preferred shares at a subscription price of £6 per share for an aggregate subscription price of £1,499,994. The following table summarizes the subscriptions of the Series A Preferred Shares by related persons:

SHAREHOLDER	SERIES A PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Index Ventures	234,090	£ 1,404,540

In April 2019, our subsidiary, Z Factor, consummated an offering of 666,662 shares of its Series A preferred shares at a subscription price of £6 per share for an aggregate subscription price of £3,999,972. The following table summarizes the subscriptions of the Series A Preferred Shares by related persons:

SHAREHOLDER	SERIES A PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Index Ventures	560,398	£ 3,362,388

PearlRiver Bio Series A Preferred Financing

In March 2019, our subsidiary, PearlRiver Bio, consummated an offering of 33,333 shares of its Series A preferred shares at a subscription price of EUR 600 per share for an aggregate subscription price of EUR 20,000,000 (EUR 1,530,234 of which was paid up at completion (with 2,499 Series A preferred shares

being paid up in full and 30,834 Series A preferred shares being up to the nominal value of only EUR 1.00). The following table summarizes the subscriptions of the Series A preferred shares by related persons:

SHAREHOLDER	SERIES A PREFERRED SHARES	TOTAL SUBSCRIPTION PRICE
Entities affiliated with Medicxi	33,333	EUR 20,000,000

In October 2019, the related persons paid up a further amount of EUR 1,996,667 by way of payment of additional share premium at a price per share of EUR 599.00 on an aggregate of 3,333 of the total of 33,333 Series A preferred shares issued by our subsidiary PearlRiver Bio in March 2019 and paid up only as to nominal value.

In June 2020, the related persons paid up a further amount of EUR 2,794,734 by way of payment of additional share premium at a price per share of EUR 599.00 on an aggregate of 4,666 of the total of 33,333 Series A preferred shares issued by our subsidiary PearlRiver Bio in March 2019 and paid up only as to nominal value.

In December 2020, the related persons paid up a further amount of EUR 3,694,033 by way of payment of additional share premium at a price per share of EUR 599.00 on an aggregate of 6,167 of the total of 33,333 Series A preferred shares issued by our subsidiary PearlRiver Bio in March 2019 and paid up only as to nominal value.

A further amount of EUR 9,983,533 of share premium remains unpaid on an aggregate of 16,667 of the total of 33,333 Series A preferred shares issued by our subsidiary PearlRiver Bio in March 2019, with such Series A preferred shares having been paid up only as to nominal value. Entities affiliated to Medicxi are no longer obliged to pay up the unpaid share premium on these shares following the contribution of the entire issued share capital of PearlRiver Bio to Centessa Pharmaceuticals Limited, as described in the section titled “Share Capital Reorganization and Re-Registration”.

Indemnification Agreements

We intend to enter into a deed of indemnity with those executive officers who are not directors prior to the completion of this offering. These agreements and our articles of association to be effective upon the completion of this offering require us to indemnify our executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or executive officer to the fullest extent permitted by law.

In addition, pursuant to the acquisition by certain individuals associated with Medicxi of ordinary shares in Centessa Pharmaceuticals Limited in November 2020, Medicxi Ventures (UK) LLP will enter into a deed of indemnity with Centessa Pharmaceuticals Limited, under the terms of which Medicxi Ventures (UK) LLP will indemnify Centessa Pharmaceuticals Limited against certain potential liabilities to employment-related tax that may arise as a result of or in connection with the above acquisitions by any of the above individuals.

In addition, we have previously entered into deeds of indemnify with our directors and executive officers. These agreements will, among other things, indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or executive officer to the fullest extent permitted by law.

Agreements With Our Shareholders

In connection with the Company’s Series A preferred financing, we entered into a shareholders’ agreements and a registration rights agreement which grant registration rights and information rights, among other things, with certain holders of our convertible preferred shares. The shareholders’ agreement will terminate upon the closing of this offering but the registration rights agreement will not terminate, as more fully described in “Description of Share Capital and Articles of Association—Registration Rights.”

Related Person Transaction Policy

In connection with this offering, we have adopted a written related party transactions policy that such transactions must be approved by our audit committee. This policy will become effective on the date on which the registration statement of which this prospectus is part is declared effective by the SEC. Pursuant to this policy, the audit committee has the primary responsibility for reviewing and approving or disapproving "related person transactions," which are transactions between us and related persons in which the related person has a direct or indirect material interest. For purposes of this policy, a related person will be defined as a director, executive officer, nominee for director, or greater than 5% beneficial owner of any class of our voting securities, and their immediate family members.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information known to us regarding beneficial ownership of our share capital as of by:

- each person, or group of affiliated persons, known by us to be the beneficial owner of more than 5% of our voting securities;
- each of our named executive officers and other executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Except as noted by footnote, and subject to community property laws where applicable, we believe based on the information provided to us that the persons and entities named in the table below have sole voting and investment power with respect to all securities shown as beneficially owned by them. The information is not necessarily indicative of beneficial ownership for any other purpose.

Beneficial ownership is determined in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities and include ordinary shares that can be acquired within 60 days of . Ordinary shares underlying convertible securities that can be acquired within 60 days of are deemed to be beneficially owned by the persons holding these securities for the purpose of computing percentage ownership of that person, but are not treated as outstanding for the purpose of computing any other person's ownership percentage.

Percentage ownership calculations are based on 15,000,000 ordinary shares outstanding as of December 31, 2020 and gives further effect to (i) the consummation of the acquisition of the Contributed Companies and issuance of 90,276,005 ordinary shares as discussed in our unaudited condensed combined financial statements found elsewhere in this prospectus, (ii) sale and issuance of an aggregate of 45,681,819 Series A preferred shares in January 2021, (iii) the buyback of 8,900,000 ordinary shares in January 2021 and (iv) the automatic conversion of all outstanding convertible preferred shares, into an aggregate of 45,681,819 ordinary shares upon the completion of this offering.

Except as otherwise indicated in the table below, addresses of the directors, executive officers and named beneficial owners are care of Centessa Pharmaceuticals Limited, The Dorothy Hodgkin Building Babraham, Research Campus, Babraham, Cambridge. United Kingdom CB22 3FH, United Kingdom.

Name and Address of Beneficial Owner	Number of Ordinary Shares Beneficially Owned Prior to this Offering	Percentage of Ordinary Shares Beneficially Owned	
		Prior to this Offering	After this Offering
5% or Greater Shareholders			
Entities affiliated with Medicxi(1)		%	%
Entities affiliated with General Atlantic(2)		%	%
Entities affiliated with Index Ventures(3)		%	%
Named Executive Officers*			
James Huntington		%	%
Nicholas Morrell		%	%
Jonathan Finlay		%	%
Jamie Coleman		%	%
Trevor Baglin		%	%
Directors and Other Executive Officers			
Saurabh Saha, M.D., Ph.D.		%	%
Francesco De Rubertis, Ph.D.		%	%
Arjun Goyal, M.D., M.Phil, M.B.A.		%	%
Aaron Kantoff		%	%
Brett Zbar, M.D.		%	%
Gregory Weinhoff, M.D., M.B.A.		%	%
Iqbal Hussain		%	%
David Chao, Ph.D.			
Mary Lynne Hedley, Ph.D.		%	%
Samarth Kulkarni, Ph.D.		%	%
Robert Califf, M.D.		%	%
Marella Thorell		%	%
All Directors and Other Executive Officers as a Group (11 people)		%	%

* Centessa Pharmaceuticals Limited, our parent entity and the issuer in this offering was newly-formed as a holding company and did not have any operations in 2020, and was incorporated in order to effect the Reorganization pursuant to which it acquired all of our current subsidiaries. As a result, we have set forth in this table, disclosure of the shareholdings of the executive officers of the same predecessor entities for which financial statements are included elsewhere in this prospectus for the fiscal year ended December 31, 2020. For fiscal year 2020 only, the executive officers of the aforementioned predecessor subsidiaries will be deemed our "Named Executive Officers" as of December 31, 2020.

(1) Consists of (a) [8,797,038] shares held by Medicxi Ventures I LP, a Jersey limited partnership ("Medicxi Ventures I"), (b) [111,354] shares held by Medicxi Co-Invest I LP, a Jersey limited partnership ("Medicxi Co-Invest I"), (c) [6,311,064] shares held by Medicxi Growth I LP, a Jersey limited partnership ("Medicxi Growth I"), (d) [149,928] shares held by Medicxi Growth Co-Invest I LP, a Jersey limited partnership ("Medicxi Growth Co-Invest I"), (e) [18,806,184] shares held by Medicxi Secondary I LP, a Jersey limited partnership ("Medicxi Secondary I"), and (f) [472,217] shares held by Medicxi Secondary Co-Invest I LP, a Jersey limited partnership ("Medicxi Secondary Co-Invest I" and, together with Medicxi Ventures I, Medicxi Co-Invest I, Medicxi Growth I, Medicxi Growth Co-Invest I, Medicxi Secondary I and Medicxi Secondary Co-Invest I, the "Medicxi Funds"). Medicxi Ventures I GP Limited, a Jersey limited liability company ("MVI GP"), is the sole managing general partner of Medicxi Ventures I and Medicxi Co-Invest I, and Medicxi Ventures Management (Jersey) Limited, a Jersey limited liability company ("Medicxi Manager"), is the sole manager of Medicxi Ventures I and Medicxi Co-Invest I. MVI GP and Medicxi Manager may be deemed to have voting and dispositive power over the shares held by Medicxi Ventures I and Medicxi Co-Invest I.

Medicxi Growth I GP Limited, a Jersey limited liability company ("MGI GP"), is the sole managing general partner of Medicxi Growth I and Medicxi Growth Co-Invest I, and Medicxi Manager is the sole manager of Medicxi Growth I and Medicxi Growth Co-Invest I. MGI GP and Medicxi Manager may be deemed to have voting and dispositive power over the shares held by Medicxi Growth I and Medicxi Growth Co-Invest I. Medicxi Secondary I GP Limited, a Jersey limited liability company ("MSI GP"), is the sole managing general partner of Medicxi Secondary I and Medicxi Secondary Co-Invest I, and Medicxi Manager is the sole manager of Medicxi Secondary I and Medicxi Secondary Co-Invest I. MSI GP and Medicxi Manager may be deemed to have voting and dispositive power over the shares held by Medicxi Secondary I and Medicxi Secondary Co-Invest I. Francois Chesnay, Andrew Wignall, Richard Lee, Giles Johnstone-Scott, Francesco De Rubertis and Andrew Jeanne are members of the board of directors of the Medicxi Manager, and investment and voting decisions with respect to the shares held by the Medicxi Funds are made by such directors collectively. Medicxi Ventures (UK) LLP and Medicxi Ventures (Jersey) Limited act as sub-advisers to Index Ventures Life VI (Jersey) Limited, which acts as the adviser to Index Ventures Life VI (Jersey) LP, and as such the Medicxi Funds, Index Ventures Life VI (Jersey) LP and Yucca (Jersey) SLP may be deemed to be members of a "group" as defined in Rule 13d-5 of the Exchange Act (see note (3) below). The share ownership reported by the Medicxi Funds does not include any shares beneficially owned by Index Ventures Life VI (Jersey) LP and Yucca (Jersey) SLP, and each of the Medicxi Funds and their affiliates disclaim beneficial ownership of the securities beneficially owned by Index Ventures Life VI (Jersey) LP, Yucca (Jersey) SLP and their affiliates. The address of the principal business office of each of the Medicxi Funds is c/o Intertrust Fund Services (Jersey) Limited, 44 Esplanade, St. Helier, Jersey JE4 9WG.

(2) Represents 16,363,637 ordinary shares issuable upon the conversion of convertible preferred shares held by General Atlantic UM B.V. ("GA UM"). GA UM is a wholly owned subsidiary of General Atlantic Coöperatief U.A. ("GA Coop UA"). The members that share beneficial ownership of the shares held by GA UM through GA Coop UA are the following General Atlantic investment funds (the "GA Funds"): General Atlantic Partners (Bermuda) IV, L.P. ("GAP Bermuda IV"), General Atlantic Partners (Bermuda) EU, L.P. ("GAP Bermuda EU"), General Atlantic Partners (Lux) SCSp ("GAP Lux") and General Atlantic Cooperatief, L.P. ("GA Coop LP"). The general partner of GAP Lux is General Atlantic GenPar (Lux) SCSp ("GA GenPar Lux") and the general partner of GA GenPar Lux is General Atlantic (Lux) S.à r.l. ("GA Sarl"). The general partner of GAP Bermuda IV and GAP Bermuda EU and the sole shareholder of GA Sarl is General Atlantic GenPar (Bermuda), L.P. ("GenPar Bermuda"). GAP (Bermuda) Limited ("GAP (Bermuda)") is the general partner of GenPar Bermuda and GA Coop LP. There are nine members of the Management Committee of GAP (Bermuda) (the "GA Management Committee"). The GA Management Committee includes William E. Ford, Gabriel Caillaux, Andrew Crawford, Martín Escobari, Anton Levy, Sandeep Naik, E. Graves Tompkins, N. Robbert Vorhoff and Chi, Eric Zhang. GAP (Bermuda), GenPar Bermuda, GA Sarl, GA GenPar Lux, the GA Funds, GA Coop UA and GA UM (collectively, the "GA Group") are a "group" within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934, as amended. The mailing address of GA Coop LP, GAP Bermuda IV, GAP Bermuda EU, GenPar Bermuda, and GAP (Bermuda) is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The mailing address of GA Coop UA and GA UM is Raamplein 1, 1016 XK, Amsterdam, The Netherlands. The mailing address of GAP Lux, GA GenPar Lux and GA Sarl is Luxembourg is 412F, Route d'Esch, L-2086 Luxembourg. Each of the members of the GA Management Committee disclaims ownership of the shares except to the extent that he has a pecuniary interest therein.

(3) Consists of (i) 19,624,736 shares held by Index Ventures Life VI (Jersey) LP, a Jersey limited partnership ("Index Ventures Life VI"), and (ii) 298,843 shares held by Yucca (Jersey) SLP, a Jersey separate limited partnership ("Yucca"). Index Venture Life Associates VI Limited, a Jersey limited liability company ("Index Venture Life VI GP"), is the managing general partner of Index Ventures Life VI. Yucca administers the Index Ventures Life VI co-investment vehicle that is contractually required to mirror the investment in the shares by Index Ventures Life VI. Index Venture Life VI GP may be deemed to have voting and dispositive power over the shares held by Index Ventures Life VI and Yucca. David Hall, Phil Balderson, Brendan Boyle and David Middleton are members of the board of directors of Index Venture Life VI GP, and investment and voting decisions with respect to the shares held by Index Ventures Life VI are made by such directors collectively and investment and voting decisions with respect to the shares held by Yucca are deemed to be made by such directors collectively. Medicxi Ventures (UK) LLP and Medicxi Ventures (Jersey) Limited act as sub-advisers to Index Ventures Life VI (Jersey) Limited, which acts as the adviser to Index Ventures Life VI, and as such the Medicxi Funds, Index Ventures Life VI and Yucca may be deemed to be members of a "group" as defined in Rule 13d-5 of the Exchange Act (see note (1) above). The share ownership reported by Index Ventures Life VI and Yucca does not

include any shares beneficially owned by the Medicxi Funds, and each of Index Ventures Life VI and Yucca and their affiliates disclaim beneficial ownership of the securities beneficially owned by the Medicxi Funds and their affiliates. The address of the principal business office of Index Ventures Life VI is c/o Intertrust Fund Services (Jersey) Limited, 44 Esplanade, St. Helier, Jersey JE4 9WG. The address of the principal business office of Yucca is c/o EFG Fund Administration Limited, 5th Floor, 44 Esplanade, St Helier, Jersey, JE1 3FG.

DESCRIPTION OF SHARE CAPITAL AND ARTICLES OF ASSOCIATION

The following describes our issued share capital, summarizes the material provisions of our articles of association and highlights certain differences in corporate law in the United Kingdom and the United States. Please note that this summary is not intended to be exhaustive. For further information, please refer to the full version of our articles of association, which are included as an exhibit to the registration statement of which this prospectus is a part.

Centessa was incorporated pursuant to the laws of England and Wales as United Medicines Biopharma Limited on October 26, 2020 and then renamed as Centessa Pharmaceuticals Limited on February 17, 2021. We are registered with the Registrar of Companies in England and Wales under number 12973576, and our registered office is at The Dorothy Hodgkin Building Babraham, Research Campus, Babraham, Cambridge, United Kingdom, CB22 3FH.

Certain resolutions have been passed by our shareholders in anticipation of the completion of this offering:

- reorganization of our share capital in preparation for the completion of this offering, including certain steps to undertake our reverse share split. See "Corporate reorganization" for more information;
- the adoption of our new Articles. See "Key provisions of our post-IPO articles of association" below;
- general authorization of our directors for purposes of section 551 of the Companies Act to issue our shares and grant rights to subscribe for or convert any securities into our shares up to a maximum aggregate nominal amount of £ for a period of five years; and
- empowering of our directors pursuant to section 570 of the Companies Act to issue equity securities for cash pursuant to the section 551 authority referred to above as if the statutory preemption rights under section 561(1) of the Companies Act did not apply to such allotments.

Certain further resolutions will be required to be passed by our shareholders prior to completion of this offering. These will include resolutions for the Company to be re-registered as a public limited liability company with the name Centessa Pharmaceuticals plc, in accordance with section 90 of the Companies Act.

Issued Share Capital

Ordinary Shares

In accordance with our articles of association to be in effect upon the completion of this offering, the following summarizes the rights of holders of our ordinary shares:

- each holder of our ordinary shares is entitled to one vote per ordinary share on all matters to be voted on by shareholders generally;
- the holders of the ordinary shares shall be entitled to receive notice of, attend, speak and vote at our general meetings; and
- holders of our ordinary shares are entitled to receive such dividends as are recommended by our directors and declared by our shareholders.

Deferred Shares

In accordance with our articles of association to be in effect upon the completion of this offering, the following summarizes the rights of holders of our deferred shares created as part of the reverse share split:

- holders of our deferred shares are not entitled to vote on any shareholder matters, or receive notice of, attend, speak or vote at our general meetings or receives copies of our reports, accounts, circulars or other documents sent to our shareholders;

- holders of our deferred shares shall not be entitled to receive any dividends or participation in our profits;
- in the event of a winding up or our liquidation, the deferred shares shall only participate in our surplus assets to the extent that each ordinary share has first received the amount paid up on that ordinary shares plus the sum of £1,000,000 in respect of each ordinary shares; and
- the deferred shares shall not be transferable, save as in accordance with the limited circumstances set out in our articles of association to be in effect upon the completion of this offering.

Registered Shares

We are required by the Companies Act to keep a register of our shareholders. Under English law, the ordinary shares and deferred shares are deemed to be issued when the name of the shareholder is entered in our share register. The share register therefore is prima facie evidence of the identity of our shareholders, and the shares that they hold. The share register generally provides limited, or no, information regarding the ultimate beneficial owners of our ordinary shares. Our share register is maintained by our registrar.

Holders of our ADSs will not be treated as one of our shareholders and their names will therefore not be entered in our share register. The depositary, the custodian or their nominees will be the holder of the ordinary shares underlying our ADSs. Holders of our ADSs have a right to receive the ordinary shares underlying their ADSs. For discussion on our ADSs and ADS holder rights, see “Description of American Depositary Shares” in this prospectus.

Under the Companies Act, we must enter an allotment of shares in our share register as soon as practicable and in any event within two months of the allotment. We will perform all procedures necessary to update the share register to reflect the ordinary shares being sold in this offering, including updating the share register with the number of ordinary shares to be issued to the depositary upon the closing of this offering. We also are required by the Companies Act to register a transfer of shares (or give the transferee notice of and reasons for refusal as the transferee may reasonably request) as soon as practicable and in any event within two months of receiving notice of the transfer.

We, any of our shareholders or any other affected person may apply to the court for rectification of the share register if:

- the name of any person, without sufficient cause, is wrongly entered in or omitted from our register of members; or
- there is a default or unnecessary delay in entering on the register the fact of any person having ceased to be a member or on which we have a lien, provided that such delay does not prevent dealings in the shares taking place on an open and proper basis.

Preemptive Rights

English law generally provides shareholders with preemptive rights when new shares are issued for cash; however, it is possible for the articles of association, or shareholders in general meeting representing at least 75% of our ordinary shares present (in person or by proxy) and voting at that general meeting, to exclude preemptive rights. Such an exclusion of preemptive rights may be for a maximum period of up to five years from the date of adoption of the articles of association, if the exclusion is contained in the articles of association, or from the date of the shareholder resolution, if the exclusion is by shareholder resolution. In either case, this exclusion would need to be renewed by our shareholders upon its expiration (i.e., at least every five years). On , our shareholders approved the exclusion of preemptive rights for a period of five years from the date of approval, which exclusion will need to be renewed upon expiration (i.e., at least every five years) to remain effective, but may be sought more frequently for additional five-year terms (or any shorter period). On , our shareholders approved the exclusion of preemptive rights for the allotment of ordinary shares in connection with this offering.

Distributions and Dividends

Under the Companies Act, before a company can lawfully make a distribution or dividend, it must ensure that it has sufficient distributable reserves, as determined on a non-consolidated basis. The basic rule is that a company's profits available for the purpose of making a distribution are its accumulated, realized profits, so far as not previously utilized by distribution or capitalization, less its accumulated, realized losses, so far as not previously written off in a reduction or reorganization of capital duly made. The requirement to have sufficient distributable reserves before a distribution or dividend can be paid applies to us and to each of our subsidiaries that has been incorporated under English law.

Once we are a public company, it will not be sufficient that we have made a distributable profit for the purpose of making a distribution. An additional capital maintenance requirement will be imposed on us to ensure that the net worth of the company is at least equal to the amount of its capital. A public company can only make a distribution:

- if, at the time that the distribution is made, the amount of its net assets (that is, the total excess of assets over liabilities) is not less than the total of its called up share capital and undistributable reserves; and
- if, and to the extent that, the distribution itself, at the time that it is made, does not reduce the amount of its net assets to less than that total.

Disclosure of Interest in Shares

Pursuant to Part 22 of the Companies Act, a company is empowered by notice in writing to require any person whom the company knows to be, or has reasonable cause to believe to be, interested in the company's shares or at any time during the three years immediately preceding the date on which the notice is issued to have been so interested, within a reasonable time to disclose to the company details of that person's interest and (so far as is within such person's knowledge) details of any other interest that subsists or subsisted in those shares.

If a shareholder defaults in supplying the company with the required details in relation to the shares in question, or the Default Shares, the shareholder shall not be entitled to vote or exercise any other right conferred by membership in relation to general meetings. Where the Default Shares represent 0.25% or more of the issued shares of the class in question, the directors may direct that:

- any dividend or other money payable in respect of the Default Shares shall be retained by the company without any liability to pay interest on it when such dividend or other money is finally paid to the shareholder; and/or
- no transfer by the relevant shareholder of shares (other than a transfer approved in accordance with the provisions of the company's articles of association) may be registered (unless such shareholder is not in default and the transfer does not relate to default shares).

Purchase of Own Shares

English law permits a public limited company to purchase its own shares out of the distributable profits of the company or the proceeds of a fresh issue of shares made for the purpose of financing the purchase, subject to complying with procedural requirements under the Companies Act and provided that its articles of association do not prohibit it from doing so. Our articles of association, a summary of which is provided above, do not prohibit us from purchasing our own shares. A public limited company must not purchase its own shares if, as a result of the purchase, there would no longer be any issued shares of the company other than redeemable shares or shares held as treasury shares.

Any such purchase will be either a "market purchase" or "off market purchase," each as defined in the Companies Act. A "market purchase" is a purchase made on a "recognized investment exchange (other than an

overseas exchange) as defined in the UK Financial Services and Markets Act 2000, or FSMA. An "off market purchase" is a purchase that is not made on a "recognized investment exchange." Both "market purchases" and "off market purchases" require prior shareholder approval by way of an ordinary resolution. In the case of an "off market purchase," a company's shareholders, other than the shareholders from whom the company is purchasing shares, must approve the terms of the contract to purchase shares and in the case of a "market purchase," the shareholders must approve the maximum number of shares that can be purchased and the maximum and minimum prices to be paid by the company. Both resolutions authorizing "market purchases" and "off-market purchases" must specify a date, not later than five years after the passing of the resolution, on which the authority to purchase is to expire.

Nasdaq is an "overseas exchange" for the purposes of the Companies Act and does not fall within the definition of a "recognized investment exchange" for the purposes of FSMA and any purchase made by us would need to comply with the procedural requirements under the Companies Act that regulate "off market purchases."

A share buy back by a company of its shares will give rise to U.K. stamp duty reserve tax and stamp duty at the rate of 0.5% of the amount or value of the consideration payable by the company (rounded up to the next £5.00), and such stamp duty reserve tax or duty will be paid by the company. The charge to stamp duty reserve tax will be canceled or, if already paid, repaid (generally with interest), where a transfer instrument for stamp duty purposes has been duly stamped within six years of the charge arising (either by paying the stamp duty or by claiming an appropriate relief) or if the instrument is otherwise exempt from stamp duty.

Our articles of association do not have conditions governing changes to our capital which are more stringent that those required by law.

Shareholder Rights

Certain rights granted under the Companies Act, including the right to requisition a general meeting or require a resolution to be put to shareholders at the annual general meeting, are only available to our members. For English law purposes, our members are the persons who are registered as the owners of the legal title to the shares and whose names are recorded in our register of members. In the case of shares held in a settlement system operated by the Depository Trust Company, or DTC, the registered member will be DTC's nominee, Cede & Co. If a person who holds their ADSs in DTC wishes to exercise certain of the rights granted under the Companies Act, they may be required to first take steps to withdraw their ADSs from the settlement system operated by DTC and become the registered holder of the shares in our register of members. A withdrawal of shares from DTC may have tax implications, for additional information on the potential tax implications of withdrawing your shares from the settlement system operated by DTC, see "Material Tax Considerations—United Kingdom Taxation."

Registration Rights

Upon the completion of this offering, the holders of of our ordinary shares issuable upon the conversion of our convertible preferred shares and all ordinary shares held by the entities affiliated with Medicxi and the entities affiliated with Index Ventures (the "**Registrable Securities**") will be entitled to rights with respect to the registration of these securities under the Securities Act. These rights are provided under the terms of a registration rights agreement between us and holders of the holders of the convertible preferred shares. The registration rights agreement includes demand registration rights, short-form registration rights and piggyback registration rights.

Demand Registration Rights

Beginning 180 days after the effective date of the registration statement of which this prospectus forms a part, the holders of a majority of the Registrable Securities then outstanding are entitled to demand registration

rights. Under the terms of the registration rights agreement, we will be required, upon the written request of holders of a majority of these securities to file a registration statement, with respect to at least 40% of the Registrable Securities then outstanding (or a lesser percentage, if the anticipated aggregate offering price would exceed $10.0 million) and use best efforts to effect the registration of all or a portion of these shares for public resale. We are required to effect only two registrations pursuant to this provision of the registration rights agreement.

Short-Form Registration Rights

Pursuant to the registration rights agreement, if we are eligible to file a registration statement on Form F-3 or Form S-3, upon the written request of holders of at least 10% of the Registrable Securities then outstanding having an anticipated aggregate offering price of at least $4.0 million, we will be required to effect a registration of such Registrable Securities. We are required to effect only two registrations in any twelve month period pursuant to this provision of the registration rights agreement. The right to have such shares registered on Form F-3 or Form S-3 is further subject to other specified conditions and limitations.

Piggyback Registration Rights

Pursuant to the registration rights agreement, if we register any of our securities either for our own account or for the account of other security holders, other than in connection with our initial public offering or a registration for any employee benefit plan, corporate reorganization, or the offer or sale of debt securities, the holders of the Registrable Securities (for so long as they are a party to the registration rights agreement) are entitled to include their shares in the registration. Subject to certain exceptions contained in the registration rights agreement, we and the underwriters may limit the number of Registrable Securities included in the underwritten offering to the number of shares which we and the underwriters determine in our sole discretion will not jeopardize the success of the offering.

Indemnification

Our registration rights agreement contains customary cross-indemnification provisions, under which we are obligated to indemnify holders of registrable securities in the event of material misstatements or omissions in the registration statement attributable to us, and they are obligated to indemnify us for material misstatements or omissions attributable to them and (iii) the closing of a share sale.

Expiration of Registration Rights

The registration rights granted under the registration rights agreement will terminate on the earlier of (i) the fourth anniversary of the completion of this offering (ii) such time as we have completed this offering and all relevant ordinary shares may be sold pursuant to Rule 144 without limitation during a 90 day period without registration.

Post-IPO Articles of Association

Our Articles of Association, or the Articles, were approved by our shareholders in and were adopted with effect from the completion of the offering. A summary of the terms of the Articles is set out below. The summary below is not a complete copy of the terms of the Articles.

The Articles contain no specific restrictions on our purpose and therefore, by virtue of section 31(1) of the Companies Act, our purpose is unrestricted.

The Articles contain, among other things, provisions to the following effect:

Share Capital

Our share capital will consist of ordinary shares and deferred shares. We may, in accordance with section 551 of the Companies Act, be authorized by our shareholders to generally and unconditionally allot our shares or grant rights to subscribe for or convert any security into our shares by way of an ordinary resolution or if no ordinary resolution is passed or so far as the resolution does not make specific provision, as the board of directors may determine, including shares which are to be redeemed, or are liable to be redeemed at our option or the option of the holder of such shares. However, an amendment to our Articles, which requires the passing of a special resolution, will be required to issue any shares other than ordinary shares or deferred shares.

Voting

The holders of ordinary shares have the right to receive notice of, and to vote at, our general meetings. Subject to any other provisions of the Articles and without prejudice to any special rights, privileges or restrictions as to voting attached to any shares forming part of our share capital, each holder of our ordinary shares who is present in person (or, in the case of a corporation, by representative) or by proxy at a general meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of every ordinary share held by him.

Variation of Rights

Whenever our share capital is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class, and may be so varied and abrogated whilst the company is a going concern.

Dividends

We may, subject to the provisions of the Companies Act and the Articles, by ordinary resolution from time to time declare dividends to be paid to shareholders not exceeding the amount recommended by our board of directors. Subject to the provisions of the Companies Act, in so far as, in the board of directors' opinions, our profits justify such payments, the board of directors may declare interim dividends (including any dividend at a fixed rate) as appears to our board of directors to be justified by our profits available for distribution. Except as provided otherwise by the rights attached to shares, all dividends may be declared or paid in any currency. Our board of directors may decide the rate of exchange for any currency conversions that may be required and how any costs involved in such conversions are to be met.

Any dividend unclaimed after a period of 12 years from the date such dividend was declared or became payable shall, if the board of directors resolve, be forfeited and shall cease to remain owing by us. Unless otherwise provided by the rights attached to the share, no dividend or other monies payable on or in respect of a share shall bear interest as against us.

Liquidation Preference

On a distribution of assets on a liquidation, the surplus assets remaining after payment of liabilities shall be distributed among the holders of ordinary shares pro rata to the number of ordinary shares held by them, irrespective of the amount paid or credited as paid on any ordinary share.

Transfer of Ordinary Shares

Subject to the restrictions in the Articles, each member may transfer all or any of his shares which are in certificated form by means of an instrument of transfer in any usual form or in any other form which the board of

directors may approve. Each member may transfer all or any of his shares which are in uncertificated form by means of a "relevant system" (i.e., the CREST System) in such manner provided for, and subject as provided in, the CREST Regulations.

The board of directors may, in its absolute discretion, refuse to register a transfer of certificated shares unless:

(i) it is for a share which is fully paid up;

(ii) it is for a share upon which the company has no lien;

(iii) it is only for one class of share;

(iv) it is in favor of a single transferee or no more than four joint transferees;

(v) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the board of directors to be exempt from stamp duty; and

(vi) it is delivered for registration to the registered office of the company (or such other place as the board of directors may determine), accompanied (except in the case of a transfer by a person to whom the company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the board of directors may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

The board of directors shall not refuse to register any transfer of partly paid shares in respect of which ADSs are admitted to Nasdaq on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

The board of directors may refuse to register a transfer of uncertificated shares in any circumstances that are allowed or required by the CREST Regulations and the CREST System.

Allotment of Shares and Preemption Rights

Subject to the Companies Act and to any rights attached to existing shares, any share may be issued with or have attached to it such rights and restrictions as the company may by ordinary resolution determine, or if no ordinary resolution has been passed or so far as the resolution does not make specific provision, as the board of directors may determine (including shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder of such shares). However, an amendment to the Articles, which requires the passing of a special resolution, will be required to issue any shares other than ordinary shares.

In accordance with section 551 of the Companies Act, the board of directors may be generally and unconditionally authorized to exercise all the powers of the company to allot shares or grant rights to subscribe for or to convert any security into shares up to an aggregate nominal amount equal to the amount stated in the relevant ordinary resolution authorizing such allotment. The authorities passed on by way of ordinary resolution and remain in force at the date of this prospectus.

Pursuant to of section 561 of the Companies Act, shareholders are granted preemptive rights when new shares are issued for cash. However, it is possible for the Articles, or shareholders at a general meeting representing at least 75% of our ordinary shares present (in person or by proxy) and eligible to vote at that general meeting, to disapply these preemptive rights. Such a disapplication of preemption rights may be a maximum period of up to five years fromt eh date of the shareholder resolution. In either case, this disapplication would need to be renewed by our shareholders upon its expiration (i.e. at least every five years).

On 2021, our shareholders approved the disapplication of preemptive rights for a period of five years from the date of approval by way of a special resolution of our shareholders. This included the disapplication of preemption rights in relation to the allotment of our ordinary shares in connection with this offering. This disapplication will need to be renewed upon expiration (i.e., at least every five years) to remain effective, but may be sought more frequently for additional five-year terms (or any shorter period).

Alteration of Share Capital

The company may, in accordance with the Companies Act, by ordinary resolution consolidate all of its share capital into shares of larger nominal value than its existing shares, or cancel any shares which, at the date of the ordinary resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the nominal amount of shares so cancelled, or sub-divide its shares, or any of them, into shares of smaller nominal value.

The company may, in accordance with the Companies Act, reduce or cancel its share capital or any capital redemption reserve or share premium account in any manner and with and subject to any conditions, authorities and consents required by law.

Board of Directors

Appointment of directors

Unless otherwise determined by the company by ordinary resolution, the number of directors (other than any alternate directors) shall not be less than two but there shall be no maximum number of directors.

Subject to the Articles and the Companies Act, the company may by ordinary resolution appoint a person who is willing to act as a director and the board of directors shall have power at any time to appoint any person who is willing to act as a director, in both cases either to fill a vacancy or as an addition to the existing board of directors.

The Articles provide that upon completion of this offering, our board of directors will be divided into three classes, each of which will consist, as nearly as possible, of one-third of the total number of directors constituting our entire board and which will serve staggered three-year terms. At each annual general meeting, the successors of directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election.

At every subsequent annual general meeting any director who either (i) has been appointed by the board of directors since the last annual general meeting or (ii) was not appointed or reappointed at one of the preceding two annual general meetings, must retire from office and may offer themselves for reappointment by the shareholders by ordinary resolution.

Proceedings of directors

Subject to the provisions of the Articles, the board of directors may regulate their proceedings as they deem appropriate. A director may, and the secretary at the request of a director shall, call a meeting of the directors.

The quorum for a meeting of the board of directors shall be fixed from time to time by a decision of the board of directors, but it must never be less than two directors (or duly appointed alternative directors) and unless otherwise fixed, it is two directors (or duly appointed alternative directors).

Questions and matters requiring resolution arising at a meeting shall be decided by a majority of votes of the participating directors, with each director having one vote. In the case of an equality of votes, the chairman will only have a casting vote or second vote (unless the chairperson is not entitled to vote on the resolution in question).

Directors' compensation

Directors shall be entitled to receive such remuneration as the board of directors shall determine for their services to the company as directors, and for any other service which they undertake for the company provided that the aggregate fees payable to the directors must not exceed £ per annum or such higher amount as may from time to time be decided by ordinary resolutions. The directors shall be entitled to reasonable additional remuneration (whether by way of salary, commission, participation in profits or otherwise) for any special duties or services performed or rendered to us, as determined by our board of directors, and in respect of any employment or executive office. The directors shall also be entitled to be paid all reasonable expenses properly incurred by them in connection with their attendance at meetings of shareholders or class meetings, board of director or committee meetings or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

Conflicts of interest

The board of directors may, in accordance with the requirements in the Articles, authorize any matter proposed to them by any director which would, if not authorized, involve a director breaching his duty under the Companies Act, to avoid conflicts of interests.

A director seeking authorization in respect of such conflict shall declare to the board of directors the nature and extent of his interest in a conflict as soon as is reasonably practicable. The director shall provide the board of directors with such details of the matter as are necessary for the board of directors to decide how to address the conflict together with such additional information as may be requested by the board of directors.

Any authorization by the board of directors will be effective only if:

(i) to the extent permitted by the Companies Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of the Articles;

(ii) any requirement as to the quorum for consideration of the relevant matter is met without counting the conflicted director and any other conflicted director; and

(iii) the matter is agreed to without the conflicted director voting or would be agreed to if the conflicted director's and any other interested director's vote is not counted.

Permitted interests

Under the Articles, certain transactions which would otherwise give rise to a conflict are considered to be permitted interests of our directors. In the event that these permitted interests arise, the director in question will still count towards the quorum requirements of the relevant meeting and be entitled to vote on resolutions relating to such permitted interests, including but not limited to the following matters:

(i) the giving by such director of any security, guarantee or indemnity for any money or any liability which such director, or any other person, has lent or obligations such director or any other person has undertaken at the request, or for the benefit, of us or any of our subsidiary undertakings;

(ii) the giving of any security, guarantee or indemnity to any other person for a debt or obligation which is owed by us or any of our subsidiary undertakings, to that other person if such director has taken responsibility for some or all of that debt or obligation. Such director can take this responsibility by giving a guarantee, indemnity or security;

(iii) a proposal or contract relating to an offer of any shares or debentures or other securities for subscription or purchase by us or any of our subsidiary undertakings, if such director takes part because such director is a holder of shares, debentures or other securities, or if such director takes part in the underwriting or sub-underwriting of the offer;

(iv) any arrangement for the benefit of our employees or the employees of any of our subsidiary undertakings which only gives such director benefits which are also generally given to employees to whom the arrangement relates;

(v) any arrangement involving any other company if such director (together with any person connected with such director) has an interest of any kind in that company (including an interest by holding any position in that company or by being a shareholder of that company). This does not apply if such director knows that that such director has a relevant interest in a company. A company shall be deemed to be one in which such director has a relevant interest if and so long as (but only if and so long as) such director is to their knowledge (either directly or indirectly) the holder of or beneficially interested in one percent or more of any class of the equity share capital of that company (calculated exclusive of any shares of that class in that company held as treasury shares) or of the voting rights available to shareholders of that company;

(vi) a contract relating to insurance which we can buy or renew for the benefit of our directors or a group of people which includes our directors; and

(vii) a contract relating to a pension, superannuation or similar scheme or a retirement, death, disability benefits scheme or employees' share scheme which gives such director benefits which are also generally given to the employees to whom the scheme relates.

A director is not permitted to vote (or count towards the quorum) on a resolution relating to their own appointment or the settlement or variation of the terms of their appointment to an office or place of profit with us, or any other company in which we have an interest.

Directors' Indemnity

Subject to the provisions of the Companies Act, every director, secretary or other officer of the company (other than an auditor) shall be indemnified against all costs, charges, losses, damages and liabilities incurred by him in the actual purported exercise or discharge of his duties or exercise of his powers or otherwise in relation to them. This indemnity includes any liability incurred by a director in defending any civil or criminal proceedings in which judgment is given in that director's favor or the director is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part and we may provide the director with funds to meet expenditure incurred in connection with the proceedings set out above.

General Meetings

The company must convene and hold general meetings within the six-month period beginning with the day following our accounting reference date in accordance with the Companies Act. Under the Companies Act, an annual general meeting must be called by notice of at least 21 clear days and a general meeting must be called by notice of at least 14 clear days.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman of the meeting which shall not be treated as part of the business of the meeting. Save as otherwise provided by the Articles, two shareholders present in person or by proxy and entitled to vote shall be a quorum for all purposes.

Choice of forum/governing law

The Articles provide that the courts of England and Wales will be the exclusive forum for resolving all shareholder complaints other than shareholder complaints asserting a cause of action arising under the Securities Act and the Exchange Act, for which, unless we consent by ordinary resolution to the selection of an alternative forum, the United States District Court for the Southern District of New York will be the exclusive forum. As a

company incorporated in England and Wales, the choice of the courts of England and Wales as our exclusive forum for resolving all shareholder complaints, other than complaints arising under the Securities Act and the Exchange Act, allows us to more efficiently and affordably respond to such actions, and provides consistency in the application of the laws of England and Wales to such actions.

Similarly, we have selected the United States District Court for the Southern District of New York as our exclusive forum for resolving shareholder complaints arising under the Securities Act and the Exchange Act in order to more efficiently and affordably respond to such claims.

This choice of forum also provides both us and our shareholders with a forum that is familiar with and regularly reviews cases involving U.S. securities law. Although we believe this choice of forum benefits us by providing increased consistency in the application of U.S. securities law for the specified types of action, it may have the effect of discouraging lawsuits against our directors and officers. Any person or entity purchasing or otherwise acquiring any interest in our ordinary shares will be deemed to have notice of and consented to the provisions of the Articles, including the exclusive forum provision. However, it is possible that a court could find our forum selection provision to be inapplicable or unenforceable. The enforceability of similar exclusive forum provisions (including exclusive federal forum provisions for actions, suits or proceedings asserting a cause of action arising under the Securities Act) in other companies' organizational documents has been challenged in legal proceedings, and there is uncertainty as to whether courts would enforce the exclusive forum provisions in the Articles. Additionally, our shareholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. See "Risk factors—Risks related to this offering and ownership of the ADSs"— Our new articles of association, to be adopted with effect from the completion of this offering, or Articles, will provide that the courts of England and Wales will be the exclusive forum for the resolution of all shareholder complaints other than complaints asserting a cause of action arising under the Securities Act or the Exchange Act, and that the United States District Court for the Southern District of New York will be the exclusive forum for the resolution of any shareholder complaint asserting a cause of action arising under the Securities Act or the Exchange Act."

Borrowing Powers

Subject to the Articles and the Companies Act, the board of directors may exercise all of the powers of the company to:

(a) borrow money;

(b) indemnify and guarantee;

(c) mortgage or charge;

(d) create and issue debentures and other securities; and

(e) give security either outright or as collateral security for any debt, liability or obligation of the company or of any third party.

Capitalization of Profits

The directors may, if they are so authorized by an ordinary resolution of the shareholders, decide to capitalize any undivided profits of the company (whether or not they are available for distribution), or any sum standing to the credit of the company's share premium account or capital redemption reserve. The directors may also, subject to the aforementioned ordinary resolution, appropriate any sum which they so decide to capitalize to the persons who would have been entitled to it if it were distributed by way of dividend and in the same proportions.

Limitation on Owning Securities

The Articles do not restrict in any way the ownership or voting of our shares by non-residents.

Uncertificated Shares

Subject to the Companies Act, the board of directors may permit title to shares of any class to be issued or held otherwise than by a certificate and to be transferred by means of a "relevant system" (i.e., the CREST System) without a certificate.

The board of directors may take such steps as it sees fit in relation to the evidencing of and transfer of title to uncertificated shares, any records relating to the holding of uncertificated shares and the conversion of uncertificated shares to certificated shares, or vice-versa.

The company may by notice to the holder of an uncertificated share, require that share to be converted into certificated form.

The board of directors may take such other action that the board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertified share or otherwise to enforce a lien in respect of it.

Other Relevant Laws and Regulations

Takeover code

We believe that, as of the date of this prospectus, our place of central management and control is not in the United Kingdom (or the Channel Islands or the Isle of Man) for the purposes of the jurisdictional criteria of the Takeover Code. Accordingly, we believe that we are not currently subject to the Takeover Code and, as a result, our shareholders are not currently entitled to the benefit of certain takeover offer protections provided under the Takeover Code, including the rules regarding mandatory takeover bids.

In the event that this changes, or if the interpretation and application of the Takeover Code by the Panel on Takeovers and Mergers (Takeover Panel), changes (including changes to the way in which the Takeover Panel assesses the application of the Takeover Code to English companies whose shares are listed outside of the United Kingdom), the Takeover Code may apply to us in the future.

Mandatory bid

The Takeover Code provides a framework within which takeovers of companies subject to it are conducted. In particular, the Takeover Code contains certain rules in respect of mandatory offers. Under the Takeover Code, where:

(a) any person, together with persons acting in concert with him, acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which he is already interested, and in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company; or

(b) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested

,such person shall, except in limited circumstances, be obliged to extend offers, on the basis set out in Rules 9.3, 9.4 and 9.5 of the Takeover Code, to the holders of any class of equity share capital, whether voting or non-voting, and also to the holders of any other class of transferable securities carrying voting rights. Offers for different classes of equity share capital must be comparable; the Takeover Panel should be consulted in advance in such cases.

An offer under Rule 9 of the Takeover Code must be in cash and at the highest price paid for any interest in the shares by the person required to make an offer or any person acting in concert with him during the 12 months prior to the announcement of the offer.

Under the Takeover Code, "persons acting in concert" comprises persons who pursuant to an agreement or understanding (whether formal or informal and whether or not in writing) actively cooperate, through the acquisition by them of an interest in shares in a company, to obtain or consolidate control of the company. "Control" means holding, or aggregate holdings, of an interest in shares carrying 30% or more of the voting rights of the company, irrespective of whether the holding or holdings give *de facto* control.

Squeeze-Out

Under sections 979 to 982 of the Companies Act, if an offeror were to acquire, or unconditionally contract to acquire, not less than 90% of the ordinary shares of the company, it could then compulsorily acquire the remaining 10%. It would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares, provided that no such notice may be served after the end of: (a) the period of three months beginning with the day after the last day on which the offer can be accepted; or (b) if earlier, and the offer is not one to which section 943(1) of the Companies Act applies, the period of six months beginning with the date of the offer.

Six weeks following service of the notice, the offeror must send a copy of it to the company together with the consideration for the ordinary shares to which the notice relates, and an instrument of transfer executed on behalf of the outstanding shareholder(s) by a person appointed by the offeror.

The company will hold the consideration on trust for the outstanding shareholders.

Sell-out

Sections 983 to 985 of the Companies Act also give minority shareholders in the company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer relating to all the ordinary shares of the company is made at any time before the end of the period within which the offer could be accepted and the offeror held or had agreed to acquire not less than 90% of the ordinary shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror is required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period, or, if longer a period of three months from the date of the notice.

If a shareholder exercises his rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

Differences in Corporate Law

The applicable provisions of the Companies Act differ from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain differences between the provisions of the Companies Act applicable to us and the General Corporation Law of the State of Delaware relating to shareholders' rights and protections. This summary is not intended to be a complete discussion of the respective rights and it is qualified in its entirety by reference to Delaware law and the laws of England and Wales.

Number of Directors	Under the Companies Act, a public limited company must have at least two directors and the number of directors may be fixed by or in the manner provided in a company's
Removal of Directors	Under the Companies Act, shareholders may remove a director without cause by an ordinary resolution (which is passed by a simple majority of those voting in person or by
Vacancies on the Board of Directors	Under the laws of England and Wales, the procedure by which directors, other than a company's initial directors, are appointed is generally set out in a company's articles of

	directors may be tabled at that meeting.
Annual General Meeting	Under the Companies Act, a public limited company must hold an annual general meeting in each six-month period following the company's annual accounting reference date.
General Meeting	Under the Companies Act, a general meeting of the shareholders of a public limited company may be called by the directors. Shareholders holding at least 5% of the paid-up capital of the company carrying voting rights at general meetings (excluding any paid up capital held as treasury shares) can require the c
Notice of General Meetings	Subject to a company's articles of association providing for a longer period, under the Companies Act, at least 21 clear days' notice must be given for an annual general meeting and any

	the shares giving a right to attend and vote at the meeting.
Quorum	Subject to the provisions of a company's articles of association, the Companies Act provides that two shareholders present at a meeting (in person, by proxy or by authorized represent
Proxy	Under the Companies Act, at any meeting of shareholders, a shareholder may designate another person to attend, speak and vote at the meeting on their behalf by proxy.
Issue of New Shares	Under the Companies Act, the directors of a company must not exercise any power to allot shares or grant rights to subscribe for, or to convert any security into, shares unless they are
Preemptive Rights	Under the Companies Act, "equity securities," being (i) shares in the company other than shares that, with respect to dividends and capital, carry a right to participate only up to a spec

	referred to as "ordinary shares," or (ii) rights to subscribe for, or to convert securities into, ordinary shares, proposed to be allotted for cash must be offered first to the existing equity sha
Authority to Allot	Under the Companies Act, the directors of a company must not allot shares or grant rights to subscribe for or convert any security into shares unless an exception applies or an ordinary r
Liability of Directors and Officers	Under the Companies Act, any provision, whether contained in a company's articles of association or any contract or otherwise, that purports to exempt a director of a company, to any e

	Companies Act, which provides exceptions for the company to company against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust i
Voting Rights	For a company incorporated under the laws of England and Wales, it is usual for the articles of association to provide that,, unless a poll is demanded by the shareholders of a company or is

	extensive rights for shareholders to call a poll.
	Under the laws of England and Wales, an ordinary resolution is passed on a show of hands if it is approved by a simple majority (more than 50%) of the votes cast by shareholders pr
Shareholder Vote on Certain Transactions	The Companies Act provides for schemes of arrangement, which are arrangements or compromises between a company and any class of shareholders or creditors and used in certain • the approval at a shareholders' or creditors' meeting convened by order of the court, of a majority in number of shareholders or creditors representing 75% in value of the capital he • the approval of the court.
Standard of Conduct for Directors	Under the laws of England and Wales, a director owes various statutory and fiduciary duties to the company, including:

England and Wales	Delaware
• to act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to: (i) the likely consequences of any decision in the long-term, (ii) the interests of the company's employees, (iii) the need to foster the company's business relationships with suppliers, customers and others, (iv) the impact of the company's operations on the community and the environment, (v) the desirability to maintain a reputation for high standards of business conduct, and (vi) the need to act fairly as between members of the company; • to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly conflicts, with the interests of the company; • to act in accordance with the company's constitution and only exercise his powers for the purposes for which they are conferred; • to exercise independent judgment; • to exercise reasonable care, skill and diligence; • to accept benefits from a third party conferred by reason of his being a director or doing, or not doing, anything as a director; and • to declare any interest that he has, whether directly or indirectly, in a proposed or existing transaction or arrangement with the company.	directors is generally determined by the courts of the State of Delaware. In general, directors have a duty to act without self-interest, on a well-informed basis and in a manner they reasonably believe to be in the best interest of the stockholders. Directors of a Delaware corporation owe fiduciary duties of care and loyalty to the corporation and to its shareholders. The duty of care generally requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. In general, but subject to certain exceptions, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Delaware courts have also imposed a heightened standard of conduct upon directors of a Delaware corporation who take any action designed to defeat a threatened change in control of the corporation. In addition, under Delaware law, when the board of directors of a Delaware corporation approves the sale or break-up of a corporation, the board of directors may, in certain circumstances, have a duty to obtain the highest value reasonably available to the shareholders.

	England and Wales	Delaware
Stockholder Litigation	Under the laws of England and Wales, generally, the company, rather than its shareholders, is the proper claimant in an action in respect of a wrong done to the company or where there is an irregularity in the company's internal management. Notwithstanding this general position, the Companies Act provides that (i) a court may allow a shareholder to bring a derivative claim (that is, an action in respect of and on behalf of the company) in respect of a cause of action arising from a director's negligence, default, breach of duty or breach of trust and (ii) a shareholder may bring a claim for a court order where the company's affairs have been or are being conducted in a manner that is unfairly prejudicial to some of its shareholders.	Under Delaware law, a stockholder may initiate a derivative action to enforce a right of a corporation if the corporation fails to enforce the right itself. The complaint must: • state that the plaintiff was a stockholder at the time of the transaction of which the plaintiff complains or that the plaintiffs shares thereafter devolved on the plaintiff by operation of law; and • allege with particularity the efforts made by the plaintiff to obtain the action the plaintiff desires from the directors and the reasons for the plaintiff's failure to obtain the action; or • state the reasons for not making the effort. Additionally, the plaintiff must remain a stockholder through the duration of the derivative suit. The action will not be dismissed or compromised without the approval of the Delaware Court of Chancery.

Stock Exchange Listing

We intend to apply to list our ADSs on the Nasdaq Global Market under the trading symbol "CNTA."

Transfer Agent and Registrar of Shares

Our share register will be maintained by upon the closing of this offering. The share register reflects only record owners of our ordinary shares and deferred shares. Holders of our ADSs will not be treated as our shareholders and their names will therefore not be entered in our share register. The depositary, the custodian or their nominees will be the holder of the ordinary shares underlying our ADSs. Holders of our ADSs have a right to receive the ordinary shares underlying their ADSs. For discussion on our ADSs and ADS holder rights, see "Description of American Depositary Shares" in this prospectus.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

Citibank, N.A. has agreed to act as the depositary bank for the American Depositary Shares. Citibank's depositary offices are located at 388 Greenwich Street, New York, New York 10013. American Depositary Shares are frequently referred to as "ADSs" and represent ownership interests in securities that are on deposit with the depositary bank. ADSs may be represented by certificates that are commonly known as "American Depositary Receipts" or "ADRs." The depositary bank typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank, N.A., London Branch, located at 25 Canada Square, Canary Wharf, London, E14 5LB, United Kingdom.

We will appoint Citibank as depositary bank pursuant to a deposit agreement. A copy of the deposit agreement will be on file with the SEC as an exhibit to a Registration Statement on Form F-6. You may obtain a copy of the deposit agreement from the SEC's website (www.sec.gov). Please refer to Registration Number 333- when retrieving such copy.

We are providing you with a summary description of the material terms of the ADSs and of your material rights as an owner of ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that the rights and obligations of an owner of ADSs will be determined by reference to the terms of the deposit agreement and not by this summary. We urge you to review the deposit agreement in its entirety. The portions of this summary description that are italicized describe matters that may be relevant to the ownership of ADSs but that may not be contained in the deposit agreement.

Each ADS represents the right to receive, and to exercise the beneficial ownership interests in, ordinary share(s) that is on deposit with the depositary bank and/or custodian. An ADS also represents the right to receive, and to exercise the beneficial interests in, any other property received by the depositary bank or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations. We and the depositary bank may agree to change the ADS-to-Share ratio by amending the deposit agreement. This amendment may give rise to, or change, the depositary fees payable by ADS owners. The custodian, the depositary bank and their respective nominees will hold all deposited property for the benefit of the holders and beneficial owners of ADSs. The deposited property does not constitute the proprietary assets of the depositary bank, the custodian or their nominees. Beneficial ownership in the deposited property will under the terms of the deposit agreement be vested in the beneficial owners of the ADSs. The depositary bank, the custodian and their respective nominees will be the record holders of the deposited property represented by the ADSs for the benefit of the holders and beneficial owners of the corresponding ADSs. A beneficial owner of ADSs may or may not be the holder of ADSs. Beneficial owners of ADSs will be able to receive, and to exercise beneficial ownership interests in, the deposited property only through the registered holders of the ADSs, the registered holders of the ADSs (on behalf of the applicable ADS owners) only through the depositary bank, and the depositary bank (on behalf of the owners of the corresponding ADSs) directly, or indirectly, through the custodian or their respective nominees, in each case upon the terms of the deposit agreement.

If you become an owner of ADSs, you will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of any ADR that represents your ADSs. The deposit agreement and the ADR specify our rights and obligations as well as your rights and obligations as owner of ADSs and those of the depositary bank. As an ADS holder you appoint the depositary bank to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of ordinary shares will continue to be governed by the laws of England and Wales, which may be different from the laws in the United States.

In addition, applicable laws and regulations may require you to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. You are solely responsible for complying with such reporting requirements and obtaining such approvals. Neither the depositary bank, the custodian, us or any of their or our

respective agents or affiliates shall be required to take any actions whatsoever on your behalf to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

As an owner of ADSs, we will not treat you as one of our shareholders and you will not have direct shareholder rights. The depositary bank will hold on your behalf the shareholder rights attached to the ordinary shares underlying your ADSs. As an owner of ADSs you will be able to exercise the shareholders rights for the ordinary shares represented by your ADSs through the depositary bank only to the extent contemplated in the deposit agreement. To exercise any shareholder rights not contemplated in the deposit agreement you will, as an ADS owner, need to arrange for the cancellation of your ADSs and become a direct shareholder.

The manner in which you own the ADSs (e.g., in a brokerage account vs. as registered holder, or as holder of certificated vs. uncertificated ADSs) may affect your rights and obligations, and the manner in which, and extent to which, the depositary bank's services are made available to you. As an owner of ADSs, you may hold your ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account, or through an account established by the depositary bank in your name reflecting the registration of uncertificated ADSs directly on the books of the depositary bank (commonly referred to as the "direct registration system" or "DRS"). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary bank. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary bank to the holders of the ADSs. The direct registration system includes automated transfers between the depositary bank and The Depository Trust Company ("DTC"), the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the name of a nominee of DTC. This summary description assumes you have opted to own the ADSs directly by means of an ADS registered in your name and, as such, we will refer to you as the "holder." When we refer to "you," we assume the reader owns ADSs and will own ADSs at the relevant time.

The registration of the ordinary shares in the name of the depositary bank or the custodian shall, to the maximum extent permitted by applicable law, vest in the depositary bank or the custodian the record ownership in the applicable ordinary shares with the beneficial ownership rights and interests in such ordinary shares being at all times vested with the beneficial owners of the ADSs representing the ordinary shares. The depositary bank or the custodian shall at all times be entitled to exercise the beneficial ownership rights in all deposited property, in each case only on behalf of the holders and beneficial owners of the ADSs representing the deposited property.

Dividends and Distributions

As a holder of ADSs, you generally have the right to receive the distributions we make on the securities deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders of ADSs will receive such distributions under the terms of the deposit agreement in proportion to the number of ADSs held as of the specified record date, after deduction of the applicable fees, taxes and expenses.

Distributions of Cash

Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depositary bank will arrange for the funds received in a currency other than U.S. dollars to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to English laws and regulations.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The depositary bank will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depositary bank will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected or the funds that the depositary bank holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

Distributions of Shares

Whenever we make a free distribution of ordinary shares for the securities on deposit with the custodian, we will deposit the applicable number of ordinary shares with the custodian. Upon receipt of confirmation of such deposit, the depositary bank will *either* distribute to holders new ADSs representing the ordinary shares deposited *or* modify the ADS-to-ordinary-share ratio, in which case each ADS you hold will represent rights and interests in the additional ordinary shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-ordinary-share ratio upon a distribution of ordinary shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes or governmental charges, the depositary bank may sell all or a portion of the new ordinary shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (*e.g.*, the U.S. securities laws) or if it is not operationally practicable. If the depositary bank does not distribute new ADSs as described above, it may sell the ordinary shares received upon the terms described in the deposit agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights

Whenever we intend to distribute rights to purchase additional ordinary shares, we will give prior notice to the depositary bank and we will assist the depositary bank in determining whether it is lawful and reasonably practicable to distribute rights to purchase additional ADSs to holders.

The depositary bank will establish procedures to distribute rights to purchase additional ADSs to holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to holders of ADSs, and if we provide all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights. The depositary bank is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to subscribe for new ordinary shares other than in the form of ADSs.

The depositary bank will *not* distribute the rights to you if:

- We do not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or
- We fail to deliver satisfactory documents to the depositary bank; or
- It is not reasonably practicable to distribute the rights.

The depositary bank will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depositary bank is unable to sell the rights, it will allow the rights to lapse.

Elective Distributions

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the depositary bank and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the depositary bank in determining whether such distribution is lawful and reasonably practicable.

The depositary bank will make the election available to you only if it is reasonably practicable and if we have provided all of the documentation contemplated in the deposit agreement. In such case, the depositary bank will establish procedures to enable you to elect to receive either cash or additional ADSs, in each case as described in the deposit agreement.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder in England and Wales would receive upon failing to make an election, as more fully described in the deposit agreement.

Other Distributions

Whenever we intend to distribute property other than cash, ordinary shares or rights to subscribe for additional ordinary shares, we will notify the depositary bank in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the depositary bank in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to you and if we provide to the depositary bank all of the documentation contemplated in the deposit agreement, the depositary bank will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes and governmental charges, the depositary bank may sell all or a portion of the property received.

The depositary bank will *not* distribute the property to you and will sell the property if:

- We do not request that the property be distributed to you or if we request that the property not be distributed to you; or
- We do not deliver satisfactory documents to the depositary bank; or
- The depositary bank determines that all or a portion of the distribution to you is not reasonably practicable.

The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

Redemption

Whenever we decide to redeem any of the securities on deposit with the custodian, we will notify the depositary bank in advance. If it is practicable and if we provide all of the documentation contemplated in the deposit agreement, the depositary bank will provide notice of the redemption to the holders.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depositary bank will convert into U.S. dollars upon the terms of the deposit agreement the redemption funds received in a currency other than U.S. dollars and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depositary bank. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a *pro rata* basis, as the depositary bank may determine.

Changes Affecting Ordinary Shares

The ordinary shares held on deposit for your ADSs may change from time to time. For example, there may be a change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of such ordinary shares or a recapitalization, reorganization, merger, consolidation or sale of assets of the Company.

If any such change were to occur, your ADSs would, to the extent permitted by law and the deposit agreement, represent the right to receive the property received or exchanged in respect of the ordinary shares held on deposit. The depositary bank may in such circumstances deliver new ADSs to you, amend the deposit agreement, the ADRs and the applicable Registration Statement(s) on Form F-6, call for the exchange of your existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs the change affecting the ordinary shares. If the depositary bank may not lawfully distribute such property to you, the depositary bank may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Issuance of ADSs upon Deposit of Ordinary Shares

Upon completion of the offering, the ordinary shares being offered pursuant to the prospectus will be deposited by us with the custodian. Upon receipt of confirmation of such deposit, the depositary bank will issue ADSs to the underwriters named in the prospectus. After the completion of the offering, the ordinary shares that are being offered for sale pursuant to the prospectus will be deposited by us with the custodian. Upon receipt of confirmation of such deposit, the depositary bank will issue ADSs to the underwriters named in the prospectus.

After the closing of the offer, the depositary bank may create ADSs on your behalf if you or your broker deposit ordinary shares with the custodian. The depositary bank will deliver these ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of the ordinary shares to the custodian. Your ability to deposit ordinary shares and receive ADSs may be limited by U.S. and English legal considerations applicable at the time of deposit.

The issuance of ADSs may be delayed until the depositary bank or the custodian receives confirmation that all required approvals have been given and that the ordinary shares have been duly transferred to the custodian. The depositary bank will only issue ADSs in whole numbers.

When you make a deposit of ordinary shares, you will be responsible for transferring good and valid title to the depositary bank. As such, you will be deemed to represent and warrant that:

- The ordinary shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.
- All preemptive (and similar) rights, if any, with respect to such ordinary shares have been validly waived or exercised.
- You are duly authorized to deposit the ordinary shares.
- The ordinary shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, “restricted securities” (as defined in the deposit agreement).
- The ordinary shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, we and the depositary bank may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

Transfer, Combination and Split Up of ADRs

As an ADR holder, you will be entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depositary bank and also must:

- ensure that the surrendered ADR is properly endorsed or otherwise in proper form for transfer;

- provide such proof of identity and genuineness of signatures as the depositary bank deems appropriate;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depositary bank with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

Withdrawal of Ordinary Shares Upon Cancellation of ADSs

As a holder, you will be entitled to present your ADSs to the depositary bank for cancellation and then receive the corresponding number of underlying ordinary shares at the custodian's offices. Your ability to withdraw the ordinary shares held in respect of the ADSs may be limited by U.S. and English law considerations applicable at the time of withdrawal. In order to withdraw the ordinary shares represented by your ADSs, you will be required to pay to the depositary bank the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the ordinary shares. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If you hold ADSs registered in your name, the depositary bank may ask you to provide proof of identity and genuineness of any signature and such other documents as the depositary bank may deem appropriate before it will cancel your ADSs. The withdrawal of the ordinary shares represented by your ADSs may be delayed until the depositary bank receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary bank will only accept ADSs for cancellation that represent a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your ADSs at any time except for:

- Temporary delays that may arise because (i) the transfer books for the ordinary shares or ADSs are closed, or (ii) ordinary shares are immobilized on account of a shareholders' meeting or a payment of dividends.
- Obligations to pay fees, taxes and similar charges.
- Restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

Voting Rights

As a holder, you generally have the right under the deposit agreement to instruct the depositary bank to exercise the voting rights for the ordinary shares represented by your ADSs. The voting rights of holders of ordinary shares are described in "Description of Share Capital and Articles of Association."

At our request, the depositary bank will distribute to you any notice of shareholders' meeting received from us together with information explaining how to instruct the depositary bank to exercise the voting rights of the securities represented by ADSs. In lieu of distributing such materials, the depositary bank may distribute to holders of ADSs instructions on how to retrieve such materials upon request.

If the depositary bank timely receives voting instructions from a holder of ADSs, it will endeavor to vote the securities (in person or by proxy) represented by the holder's ADSs as follows:

- *In the event of voting by show of hands*, the depositary bank will vote (or cause the custodian to vote) all ordinary shares held on deposit at that time in accordance with the voting instructions received from a majority of holders of ADSs who provide timely voting instructions.
- *In the event of voting by poll*, the depositary bank will vote (or cause the Custodian to vote) the ordinary shares held on deposit in accordance with the voting instructions received from the holders of ADSs.

Securities for which no voting instructions have been received will not be voted (except as otherwise contemplated in the deposit agreement). Please note that the ability of the depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depositary in a timely manner.

Fees and Charges

As an ADS holder, you will be required to pay the following fees under the terms of the deposit agreement:

Service	Fees	
• Issuance of ADSs (e.g., an issuance of ADS upon a deposit of ordinary shares, upon a change in the ADS(s)-to-ordinary-share(s) ratio, or for any other reason), excluding ADS issuances as a result of distributions of shares)	Up to U.S.	¢ per ADS issued
• Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of deposited property, upon a change in the ADS(s)-to-ordinary-share(s) ratio, or for any other reason)	Up to U.S.	¢ per ADS cancelled
• Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to U.S.	¢ per ADS held
• Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to U.S.	¢ per ADS held
• Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off)	Up to U.S.	¢ per ADS held
• ADS Services	Up to U.S.	¢ per ADS held on the applicable record date(s) established by the depositary bank
• Registration of ADS transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and *vice versa*, or for any other reason)	Up to U.S.	¢ per ADS (or fraction thereof) transferred
• Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the Deposit Agreement) into freely transferable ADSs, and *vice versa*).	Up to U.S.	¢ per ADS (or fraction thereof) converted

As an ADS holder you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of ordinary shares on the share register and applicable to transfers of ordinary shares to or from the name of the custodian, the depositary bank or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the fees, expenses, spreads, taxes and other charges of the depositary bank and/or service providers (which may be a division, branch or affiliate of the depositary bank) in the conversion of foreign currency;
- the reasonable and customary out-of-pocket expenses incurred by the depositary bank in connection with compliance with exchange control regulations and other regulatory requirements applicable to ordinary shares, ADSs and ADRs; and
- the fees, charges, costs and expenses incurred by the depositary bank, the custodian, or any nominee in connection with the ADR program.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are cancelled (in the case of ADS cancellations). In the case of ADSs issued by the depositary bank into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary bank fees, the depositary bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary bank fees from any distribution to be made to the ADS holder. Certain depositary fees and charges (such as the ADS services fee) may become payable shortly after the closing of the ADS offering. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary bank. You will receive prior notice of such changes. The depositary bank may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary bank agree from time to time.

Amendments and Termination

We may agree with the depositary bank to modify the deposit agreement at any time without your consent. We undertake to give holders 30 days' prior notice of any modifications that would materially prejudice any of

their substantial rights under the deposit agreement. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay. In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement if you continue to hold your ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the ordinary shares represented by your ADSs (except as permitted by law).

We have the right to direct the depositary bank to terminate the deposit agreement. Similarly, the depositary bank may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depositary bank must give notice to the holders at least 30 days before termination. Until termination, your rights under the deposit agreement will be unaffected.

After termination, the depositary bank will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your ADSs) and may sell the securities held on deposit. After the sale, the depositary bank will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depositary bank will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

In connection with any termination of the deposit agreement, the depositary bank may make available to owners of ADSs a means to withdraw the ordinary shares represented by ADSs and to direct the depositary of such ordinary shares into an unsponsored American depositary share program established by the depositary bank. The ability to receive unsponsored American depositary shares upon termination of the deposit agreement would be subject to satisfaction of certain U.S. regulatory requirements applicable to the creation of unsponsored American depositary shares and the payment of applicable depositary fees.

Books of Depositary

The depositary bank will maintain ADS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depositary bank will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

Limitations on Obligations and Liabilities

The deposit agreement limits our obligations and the depositary bank's obligations to you. Please note the following:

- We and the depositary bank are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.
- The depositary bank disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement.
- The depositary bank disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any

translation of such a document, for the investment risks associated with investing in ordinary shares, for the validity or worth of the ordinary shares, for any tax consequences that result from the ownership of ADSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice.

- We and the depositary bank will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.
- We and the depositary bank disclaim any liability if we or the depositary bank are prevented or forbidden from or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the deposit agreement, by reason of any provision, present or future of any law or regulation, or by reason of present or future provision of any provision of our Articles of Incorporation, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control.
- We and the depositary bank disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for in the deposit agreement or in our Articles of Incorporation or in any provisions of or governing the securities on deposit.
- We and the depositary bank further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting ordinary shares for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.
- We and the depositary bank also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of ordinary shares but is not, under the terms of the deposit agreement, made available to you.
- We and the depositary bank may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.
- We and the depositary bank also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.
- No disclaimer of any Securities Act liability is intended by any provision of the deposit agreement.
- Nothing in the deposit agreement gives rise to a partnership or joint venture, or establishes a fiduciary relationship, among us, the depositary bank and you as ADS holder.
- Nothing in the deposit agreement precludes Citibank (or its affiliates) from engaging in transactions in which parties adverse to us or the ADS owners have interests, and nothing in the deposit agreement obligates Citibank to disclose those transactions, or any information obtained in the course of those transactions, to us or to the ADS owners, or to account for any payment received as part of those transactions.

As the above limitations relate to our obligations and the depositary's obligations to you under the deposit agreement, we believe that, as a matter of construction of the clause, such limitations would likely to continue to apply to ADS holders who withdraw the ordinary shares from the ADS facility with respect to obligations or liabilities incurred under the deposit agreement before the cancellation of the ADSs and the withdrawal of the ordinary shares, and such limitations would most likely not apply to ADS holders who withdraw the ordinary shares from the ADS facility with respect to obligations or liabilities incurred after the cancellation of the ADSs and the withdrawal of the ordinary shares and not under the deposit agreement.

In any event, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder. In fact, you cannot waive our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.

Taxes

You will be responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. We, the depositary bank and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary bank may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary bank and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the depositary bank and to the custodian proof of taxpayer status and residence and such other information as the depositary bank and the custodian may require to fulfill legal obligations. You are required to indemnify us, the depositary bank and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The depositary bank will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the deposit agreement. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary bank may take the following actions in its discretion:

- Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the holders for whom the conversion and distribution is lawful and practical.
- Distribute the foreign currency to holders for whom the distribution is lawful and practical.
- Hold the foreign currency (without liability for interest) for the applicable holders.

Governing Law/Waiver of Jury Trial

The deposit agreement, the ADRs and the ADSs will be interpreted in accordance with the laws of the State of New York. The rights of holders of ordinary shares (including ordinary shares represented by ADSs) is governed by the laws of England and Wales.

As an owner of ADSs, you irrevocably agree that any legal action arising out of the Deposit Agreement, the ADSs or the ADRs, involving the Company or the Depositary, may only be instituted in a state or federal court in the city of New York.

AS A PARTY TO THE DEPOSIT AGREEMENT, YOU IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, YOUR RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THE DEPOSIT AGREEMENT OR THE ADRs AGAINST US AND/OR THE DEPOSITARY BANK.

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our ordinary shares, the ADSs or the deposit agreement, including any claim under U.S. federal securities laws. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law. However, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.

ORDINARY SHARES AND AMERICAN DEPOSITARY SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our ordinary shares or ADSs. Upon completion of this offering, we will have ADSs outstanding representing % of our ordinary shares (or ADSs outstanding representing approximately % of our ordinary shares, if the underwriters exercise in full their option to purchase additional ADSs), based on the number of ordinary shares outstanding as of . All of the ADSs sold in this offering will be freely transferable by persons other than our "affiliates" without restriction or further registration under the Securities Act. Rule 144 under the Securities Act defines an "affiliate" of a company as a person that, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, our company. All outstanding ordinary shares prior to this offering are "restricted securities" as that term is defined in Rule 144 because they were issued in a transaction or series of transactions not involving a public offering. Restricted securities, in the form of ADSs or otherwise, may be sold only if they are the subject of an effective registration statement under the Securities Act or if they are sold pursuant to an exemption from the registration requirement of the Securities Act such as those provided for in Rule 144 or 701 promulgated under the Securities Act, which rules are summarized below. Restricted ordinary shares may also be sold outside of the United States to non-U.S. persons in accordance with Rule 904 of Regulation S under the Securities Act. This prospectus may not be used in connection with any resale of the ADSs acquired in this offering by our affiliates.

Sales of substantial amounts of the ADSs in the public market could materially and adversely affect prevailing market prices of the ADSs. Prior to this offering, there has been no public market for our ordinary shares or ADSs, and while we have applied to list the ADSs on the Nasdaq, we cannot assure you that a regular trading market will develop in the ADSs. We do not expect that a trading market will develop for our ordinary shares not represented by ADSs.

Lock-up Agreements

In connection with this offering, all of our directors and executive officers and certain holders of our shares, who collectively held substantially all ordinary shares (assuming conversion of all of our outstanding convertible preferred shares) as of , and substantially all of our option holders who are not shareholders, have signed lock-up agreements which, subject to certain exceptions, prevent them from selling any of our ordinary shares or ADSs, or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs for a period of not less than 180 days from the date of this prospectus without the prior written consent of each of the representatives. The representatives may in their sole discretion and at any time without notice release some or all of the shares or ADSs subject to lock-up agreements prior to the expiration of the 180-day period. When determining whether or not to release shares or ADSs from the lock-up agreements, the representatives may consider, among other factors, the shareholder's reasons for requesting the release, the number of shares or ADSs for which the release is being requested and market conditions at the time. In addition, our option holders who have not executed lock-up agreements are nevertheless subject to similar restrictions set forth in their respective option agreements.

Rule 144

In general, under Rule 144 as currently in effect, a person who has beneficially owned our restricted securities for at least six months is entitled to sell the restricted securities without registration under the Securities Act, subject to certain restrictions. Persons who are our affiliates (which may include persons beneficially owning 10% or more of our outstanding shares) may sell within any three-month period a number of restricted securities that does not exceed the greater of the following:

- 1% of the number of our ordinary shares then outstanding, in the form of ADSs or otherwise, which will equal approximately ordinary shares immediately after this offering; and

- the average weekly trading volume of the ordinary shares, in the form of ADSs or otherwise, on Nasdaq during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Such sales are also subject to manner-of-sale provisions, notice requirements and the availability of current public information about us.

In general, under Rule 144 as currently in effect, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, persons who are not our affiliates and have beneficially owned our restricted securities for more than six months but not more than one year may sell the restricted securities without registration under the Securities Act subject to the availability of current public information about us. Persons who are not our affiliates and have beneficially owned our restricted securities for more than one year may freely sell the restricted securities without registration under the Securities Act.

Rule 701

Beginning 90 days after the date of this prospectus, persons other than affiliates who purchased ordinary shares under a written compensatory plan or contract may be entitled to sell such shares in the United States in reliance on Rule 701 under the Securities Act, or Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell these shares in reliance on Rule 144 subject only to its manner-of-sale requirements. However, the Rule 701 shares would remain subject to any applicable lock-up arrangements and would only become eligible for sale when the lock-up period expires.

Registration Rights

Upon completion of this offering, certain holders of our ordinary shares or their transferees will be entitled to request that we register their ordinary shares under the Securities Act, following the expiration of the lock-up agreements described above. See “Description of Share Capital and Articles of Association—Registration Rights.”

Share Option Plans

We intend to file one or more registration statements on Form S-8 under the Securities Act to register our shares issued or reserved for issuance under our share option plans or independent options. The first such registration statement is expected to be filed soon after the date of this prospectus and will automatically become effective upon filing with the SEC. Accordingly, shares registered under such registration statement will be available for sale in the open market, unless such shares are subject to vesting restrictions with us or the lock-up restrictions described above. As of , we estimate that such registration statement on Form S-8 will cover approximately shares.

MATERIAL INCOME TAX CONSIDERATIONS

The following summary contains a description of certain material U.K. and U.S. federal income tax consequences of the acquisition, ownership and disposition of our ordinary shares or ADSs. This summary should not be considered a comprehensive description of all the tax considerations that may be relevant to the decision to acquire ordinary shares or ADSs in this offering.

Certain Material United States Federal Income Tax Considerations for U.S. Holders

The following is a description of certain material U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of our ordinary shares or ADSs. It is not a comprehensive description of all tax considerations that may be relevant to a particular person's decision to acquire securities. This discussion applies only to a U.S. Holder that is an initial purchaser of the ordinary shares or ADSs pursuant to the offering and that holds our ordinary shares or ADSs as a capital asset for tax purposes (generally, property held for investment). In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including state and local tax consequences, estate tax consequences, alternative minimum tax consequences, the potential application of the Medicare contribution tax, and tax consequences applicable to U.S. Holders subject to special rules, such as:

- banks, insurance companies, and certain other financial institutions;
- U.S. expatriates and certain former citizens or long-term residents of the United States;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- persons holding ordinary shares or ADSs as part of a hedging transaction, "straddle," wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to ordinary shares or ADSs;
- persons whose "functional currency" for U.S. federal income tax purposes is not the U.S. dollar;
- brokers, dealers or traders in securities, commodities or currencies;
- tax-exempt entities or government organizations;
- S corporations, partnerships, or other entities or arrangements classified as partnerships for U.S. federal income tax purposes;
- persons who are subject to special tax accounting under Section 451(b) of the Code (as defined below);
- regulated investment companies or real estate investment trusts;
- persons who acquired our ordinary shares or ADSs pursuant to the exercise of any employee stock option or otherwise as compensation;
- persons holding our ordinary shares or ADSs in connection with a trade or business, permanent establishment, or fixed base outside the United States; and
- persons who own (directly or through attribution) 10% or more (by vote or value) of our outstanding ordinary shares.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds ordinary shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding ordinary shares or ADSs and partners in such partnerships are encouraged to consult their tax advisors as to the particular U.S. federal income tax consequences of holding and disposing of ordinary shares or ADSs.

The discussion is based on the Internal Revenue Code of 1986, as amended (Code), administrative pronouncements, judicial decisions, final, temporary and proposed Treasury Regulations, and the income tax treaty between the United Kingdom and the United States, or the Treaty, all as of the date hereof, changes to any of which may affect the tax consequences described herein—possibly with retroactive effect.

A "U.S. Holder" is a holder who, for U.S. federal income tax purposes, is a beneficial owner of ordinary shares or ADSs and is:

(i) An individual who is a citizen or individual resident of the United States;

(ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia;

(iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

(iv) a trust if (1) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (2) the trust has a valid election in effect to be treated as a U.S. person under applicable U.S. Treasury Regulations.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms. Generally, a U.S. Holder of an ADS should be treated for U.S. federal income tax purposes as holding the ordinary shares represented by our ADS. Accordingly, no gain or loss will be recognized upon an exchange of ADSs for ordinary shares. The U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the beneficial ownership of the underlying security. Accordingly the creditability of foreign taxes, if any, as described below, could be affected by actions taken by intermediaries in the chain of ownership between the holders of ADSs and our company if as a result of such actions the holders of ADSs are not properly treated as beneficial owners of the underlying ordinary shares. These actions would also be inconsistent with the claiming of the reduced tax rate, described below, applicable to dividends received by certain non-corporate holders.

PERSONS CONSIDERING AN INVESTMENT IN ORDINARY SHARES OR ADSs SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES APPLICABLE TO THEM RELATING TO THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE ORDINARY SHARES OR ADSs, INCLUDING THE APPLICABILITY OF U.S. FEDERAL, STATE AND LOCAL TAX LAWS.

PFIC Rules

If we are classified as a passive foreign investment company (PFIC) in any taxable year, a U.S. Holder will be subject to special rules generally intended to reduce or eliminate any benefits from the deferral of U.S. federal income tax that a U.S. Holder could derive from investing in a non-U.S. company that does not distribute all of its earnings on a current basis.

A non-U.S. corporation will be classified as a PFIC for any taxable year in which, after applying certain look-through rules, either:

- at least 75% of its gross income is passive income (such as interest income); or
- at least 50% of its gross assets (determined on the basis of a quarterly average) is attributable to assets that produce passive income or are held for the production of passive income.

We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation, the equity of which we own, directly or indirectly, 25% or more (by value).

While we believe we may have been a PFIC for 2020, and we do not believe we will be a PFIC in the current year, it is uncertain whether we or any of our Centessa Subsidiaries will be treated as a PFIC for U.S. federal income tax purposes for the current or any subsequent tax year. The determination of whether we are a PFIC is a fact-intensive determination made on an annual basis applying principles and methodologies that in some circumstances are unclear and subject to varying interpretation. Under the income test described above, our status as a PFIC depends on the composition of our income which will depend on the transactions we enter into in the future and our corporate structure. The composition of our income and assets is also affected by the spending of the cash we raise in any offering, including this offering. Because PFIC status is based on our

income, assets, and activities for the entire taxable year, we cannot make a conclusive determination at this time as to whether we will be a PFIC for 2021 and our PFIC status may change from year to year. Although we will try to manage our business to avoid becoming a PFIC, our operations currently generate very limited amounts of non-passive income. Until we generate sufficient revenue from active licensing and other non-passive sources, there is a risk that we will be a PFIC under the PFIC income test.

If we are classified as a PFIC in any year with respect to which a U.S. Holder owns the ordinary shares or ADSs, we will continue to be treated as a PFIC with respect to such U.S. Holder in all succeeding years during which the U.S. Holder owns the ordinary shares or ADSs, regardless of whether we continue to meet the tests described above unless (i) we cease to be a PFIC and the U.S. Holder has made a "deemed sale" election under the PFIC rules, or (ii) the U.S. Holder elects to treat us as a "qualified electing fund" under Section 1295 of the Code (such an election, a "**QEF Election**"), as discussed below, with respect to all taxable years during such U.S. Holders holding period in which we are a PFIC. If the "deemed sale" election is made, a U.S. Holder will be deemed to have sold the ordinary shares or ADSs the U.S. Holder holds at their fair market value and any gain from such deemed sale would be subject to the rules described below. After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, the U.S. Holder's ordinary shares or ADSs with respect to which such election was made will not be treated as shares in a PFIC and the U.S. Holder will not be subject to the rules described below with respect to any "excess distribution" the U.S. Holder receives from us or any gain from an actual sale or other disposition of the ordinary shares or ADSs. U.S. Holders should consult their tax advisors as to the possibility and consequences of making a deemed sale election if we cease to be a PFIC and such election becomes available.

For each taxable year we are treated as a PFIC with respect to U.S. Holders, U.S. Holders will be subject to special tax rules with respect to any "excess distribution" such U.S. Holder receives and any gain such U.S. Holder recognizes from a sale or other disposition (including, under certain circumstances, a pledge) of ordinary shares or ADSs, unless (i) such U.S. Holder makes a QEF Election as discussed below or (ii) our ordinary shares or ADSs constitute "marketable" securities, and such U.S. Holder makes a mark-to-market election as discussed below. Distributions a U.S. Holder receives in a taxable year that are greater than 125% of the average annual distributions a U.S. Holder received during the shorter of the three preceding taxable years or the U.S. Holder's holding period for the ordinary shares or ADSs will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over a U.S. Holder's holding period for the ordinary shares or ADSs;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we became a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the ordinary shares or ADSs cannot be treated as capital, even if a U.S. Holder holds the ordinary shares or ADSs as capital assets.

In addition, if we are a PFIC, a U.S. Holder will generally be subject to similar rules with respect to distributions we receive from, and our dispositions of the stock of, any of our direct or indirect subsidiaries that also are PFICs, as if such distributions were indirectly received by, and/or dispositions were indirectly carried out by, such U.S. Holder. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to our subsidiaries.

If a U.S. Holder makes a QEF Election with respect to a PFIC, it will be taxed currently on its pro rata share of the PFIC's ordinary earnings and net capital gain (at ordinary income and capital gain rates, respectively) for

each taxable year that the entity is a PFIC, even if no distributions were received. Any distributions we make out of our earnings and profits that were previously included in such a U.S. Holder's income under the QEF Election would not be taxable to such U.S. Holder. Such U.S. Holder's tax basis in its ordinary shares or ADSs would be increased by an amount equal to any income included under the QEF Election and decreased by any amount distributed on the ordinary shares or ADSs that is not included in its income. In addition, a U.S. Holder will recognize capital gain or loss on the disposition of its ordinary shares or ADSs in an amount equal to the difference between the amount realized and its adjusted tax basis in the ordinary shares or ADSs, each as determined in U.S. dollars. Once made, a QEF Election remains in effect unless invalidated or terminated by the IRS or revoked by the shareholder. A QEF Election can be revoked only with the consent of the IRS. A U.S. Holder will not be currently taxed on the ordinary income and net capital gain of a PFIC with respect to which a QEF Election was made for any taxable year of the non-U.S. corporation that such corporation does not satisfy the PFIC income test or asset test, as described above. If we determine that we are a PFIC for this year or any future taxable year, we currently expect that we would provide the information necessary for U.S. Holders to make a QEF Election. However, there is also no assurance that we will have timely knowledge of our status as a PFIC in the future or of the required information to be provided.

U.S. Holders can avoid the interest charge on excess distributions or gain relating to the ordinary shares or ADSs by making a mark-to-market election with respect to the ordinary shares or ADSs, provided that the ordinary shares or ADSs are "marketable." Ordinary shares or ADSs will be marketable if they are "regularly traded" on certain U.S. stock exchanges or on a foreign stock exchange that meets certain conditions. For these purposes, the ordinary shares or ADSs will be considered regularly traded during any calendar year during which they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Any trades that have as their principal purpose meeting this requirement will be disregarded. Our ADSs will be listed on Nasdaq, which is a qualified exchange for these purposes. Consequently, if our ADSs remain listed on Nasdaq and are regularly traded, and you are a holder of ADSs, we expect the mark-to-market election would be available to U.S. Holders if we are a PFIC. Each U.S. Holder should consult its tax advisor as to the whether a mark-to-market election is available or advisable with respect to the ordinary shares or ADSs.

A U.S. Holder that makes a mark-to-market election must include in ordinary income for each year an amount equal to the excess, if any, of the fair market value of the ordinary shares or ADSs at the close of the taxable year over the U.S. Holder's adjusted tax basis in the ordinary shares or ADSs. An electing holder may also claim an ordinary loss deduction for the excess, if any, of the U.S. Holder's adjusted basis in the ordinary shares or ADSs over the fair market value of the ordinary shares or ADSs at the close of the taxable year, but this deduction is allowable only to the extent of any net mark-to-market gains for prior years. Gains from an actual sale or other disposition of the ordinary shares or ADSs will be treated as ordinary income, and any losses incurred on a sale or other disposition of the shares will be treated as an ordinary loss to the extent of any net mark-to-market gains for prior years. Once made, the election cannot be revoked without the consent of the Internal Revenue Service, or the IRS, unless the ordinary shares or ADSs cease to be marketable.

However, a mark-to-market election generally cannot be made for equity interests in any lower-tier PFICs that we own, unless shares of such lower-tier PFIC are themselves "marketable." As a result, even if a U.S. Holder validly makes a mark-to-market election with respect to our ordinary shares or ADSs, the U.S. Holder may continue to be subject to the PFIC rules (described above) with respect to its indirect interest in any of our investments that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. U.S. Holders should consult their tax advisors to determine whether any of the elections described above would be available and if so, what the consequences of the alternative treatments would be in their particular circumstances.

While we believe we may have been a PFIC for 2020, and we do not believe we are a PFIC in the current year, if we are a PFIC and, at any time, have a foreign subsidiary that is classified as a PFIC, U.S. Holders generally would be deemed to own a portion of the shares of such lower-tier PFIC, and generally could incur liability for the deferred tax and interest charge described above if we receive a distribution from, or dispose of all or part of our interest in, the lower-tier PFIC or the U.S. Holders otherwise were deemed to have disposed of

an interest in the lower-tier PFIC. If we determine that we are a PFIC, to the extent appropriate, we will cause any lower-tier PFIC that we control to provide to a U.S. Holder the information necessary for U.S. Holders to make or maintain a QEF election with respect to the lower-tier PFIC. However, in the future, we may not hold a controlling interest in any such lower-tier PFIC and thus there can be no assurance that we will be able to cause the lower-tier PFIC to provide such required information. A mark-to-market election generally would not be available with respect to such lower-tier PFIC. U.S. Holders are urged to consult their tax advisors regarding the tax issues raised by lower-tier PFICs.

Unless otherwise provided by the U.S. Treasury, each U.S. shareholder of a PFIC is required to file an annual report containing such information as the U.S. Treasury may require. A U.S. Holder's failure to file the annual report will cause the statute of limitations for such U.S. Holder's U.S. federal income tax return to remain open with regard to the items required to be included in such report until three years after the U.S. Holder files the annual report, and, unless such failure is due to reasonable cause and not willful neglect, the statute of limitations for the U.S. Holder's entire U.S. federal income tax return will remain open during such period. U.S. Holders should consult their tax advisors regarding the requirements of filing such information returns under these rules.

WE STRONGLY URGE YOU TO CONSULT YOUR TAX ADVISOR REGARDING THE IMPACT OF OUR PFIC STATUS ON YOUR INVESTMENT IN THE ORDINARY SHARES OR ADSs AS WELL AS THE APPLICATION OF THE PFIC RULES TO YOUR INVESTMENT IN THE ORDINARY SHARES OR ADSs.

Taxation of Distributions

Subject to the discussion above under "PFIC rules," distributions paid on ordinary shares or ADSs, other than certain pro rata distributions of ordinary shares or ADSs, will generally be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we may not calculate our earnings and profits under U.S. federal income tax principles, we expect that distributions generally will be reported to U.S. Holders as dividends. Subject to applicable limitations and the discussions above regarding concerns expressed by the U.S. Treasury, dividends paid to certain non-corporate U.S. Holders may be taxable at preferential rates applicable to "qualified dividend income" if we are a "qualified foreign corporation" and certain other requirements are met. However, the qualified dividend income treatment may not apply if we are treated as a PFIC with respect to the U.S. Holder. The amount of the dividend will be treated as foreign-source dividend income to U.S. Holders and will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Dividends will generally be included in a U.S. Holder's income on the date of the U.S. Holder's receipt of the dividend. The amount of any dividend income paid in foreign currency will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of actual or constructive receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt. Such gain or loss would generally be treated as U.S.-source ordinary income or loss. The amount of any distribution of property other than cash (and other than certain pro rata distributions of ordinary shares or ADSs or rights to acquire ordinary shares or ADSs) will be the fair market value of such property on the date of distribution.

For foreign tax credit limitation purposes, our dividends will generally be treated as passive category income. Because under current law no U.K. income taxes will be withheld from dividends on ordinary shares or ADSs, there will be no creditable foreign taxes associated with any dividends that a U.S. Holder will receive. The rules governing foreign tax credits are complex and U.S. Holders should therefore consult their tax advisors regarding the effect of the receipt of dividends for foreign tax credit limitation purposes.

Sale or Other Taxable Disposition of Ordinary Shares and ADSs

Subject to the discussion above under "PFIC rules," gain or loss realized on the sale or other taxable disposition of ordinary shares or ADSs will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the ordinary shares or ADSs for more than one year at the time of sale or other taxable disposition. The amount of the gain or loss will equal the difference between the U.S. Holder's tax basis in the ordinary shares or ADSs disposed of and the amount realized on the disposition, in each case as determined in U.S. dollars. This gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes. Subject to the PFIC rules described above, long-term capital gains recognized by certain non-corporate U.S. Holders (including individuals) will generally be subject to reduced rates of U.S. federal income tax. The deductibility of capital losses is subject to limitations.

If the consideration received by a U.S. Holder is not paid in U.S. dollars, the amount realized will be the U.S. dollar value of the payment received determined by reference to the spot rate of exchange on the date of the sale or other disposition. However, if the ordinary shares or ADSs are treated as traded on an "established securities market" and you are either a cash basis taxpayer or an accrual basis taxpayer that has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS), you will determine the U.S. dollar value of the amount realized in a non-U.S. dollar currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. If you are an accrual basis taxpayer that is not eligible to or does not elect to determine the amount realized using the spot rate on the settlement date, you will recognize foreign currency gain or loss to the extent of any difference between the U.S. dollar amount realized on the date of sale or disposition and the U.S. dollar value of the currency received at the spot rate on the settlement date.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding on a duly executed IRS Form W-9 or otherwise establishes an exemption.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder may be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

Information with Respect to Foreign Financial Assets

Certain U.S. Holders who are individuals (and, under regulations, certain entities) may be required to report information relating to the ordinary shares or ADSs, subject to certain exceptions (including an exception for ordinary shares or ADSs held in accounts maintained by certain U.S. financial institutions), by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their federal income tax return. Such U.S. Holders who fail to timely furnish the required information may be subject to a penalty. Additionally, if a U.S. Holder does not file the required information, the statute of limitations with respect to tax returns of the U.S. Holder to which the information relates may not close until three years after such information is filed. U.S. Holders should consult their tax advisors regarding their reporting obligations with respect to their ownership and disposition of the ordinary shares or ADSs.

U.K. Taxation

The following is intended as a general guide to current U.K. tax law and HM Revenue & Customs, or HMRC, published practice (which is not binding) applying as at the date of this prospectus (both of which are subject to change at any time, possibly with retrospective effect) relating to the holding and disposing of ADSs. It

does not constitute legal or tax advice and does not purport to be a complete analysis of all U.K. tax considerations relating to the holding of ADSs, or all of the circumstances in which holders of ADSs may benefit from an exemption or relief from U.K. taxation. It is written on the basis that the company does not (and will not) directly or indirectly derive 75% or more of its qualifying asset value from U.K. land, and that the company is and remains solely resident in the U.K. for tax purposes and will therefore be subject to the U.K. tax regime and not the U.S. tax regime save as set out above under "Material United States Federal Income Tax Considerations for U.S. Holders".

Except to the extent that the position of non-U.K. resident persons is expressly referred to, this guide relates only to persons who are resident (and, in the case of individuals, domiciled or deemed domiciled) for tax purposes solely in the U.K. and do not have a permanent establishment, branch, agency (or equivalent) or fixed base in any other jurisdiction with which the holding of the ADSs is connected, or U.K. Holders, who are absolute beneficial owners of the ADSs (and do not hold the ADSs through an Individual Savings Account or a Self-Invested Personal Pension) and who hold the ADSs as investments.

This guide may not relate to certain classes of U.K. Holders, such as (but not limited to):

- persons who are connected with the company;
- financial institutions;
- insurance companies;
- charities or tax-exempt organizations;
- collective investment schemes;
- pension schemes;
- market makers, intermediaries, brokers or dealers in securities;
- persons who have (or are deemed to have) acquired their ADSs by virtue of an office or employment or who are or have been officers or employees of the company or any of its affiliates; and
- individuals who are subject to U.K. taxation on a remittance basis.

Based on published HMRC guidance we would expect that HMRC will regard a holder of ADSs as holding the beneficial interest in the underlying shares and therefore these paragraphs assume that a holder of ADSs is the beneficial owner of the underlying ordinary shares and any dividends paid in respect of the underlying ordinary shares (where the dividends are regarded for U.K. tax purposes as that person's own income) for U.K. direct tax purposes.

THESE PARAGRAPHS ARE A SUMMARY OF CERTAIN U.K. TAX CONSIDERATIONS AND ARE INTENDED AS A GENERAL GUIDE ONLY. IT IS RECOMMENDED THAT ALL HOLDERS OF ADSs OBTAIN ADVICE AS TO THE CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSAL OF THE ADSs IN THEIR OWN PARTICULAR CIRCUMSTANCES FROM THEIR OWN TAX ADVISORS. IN PARTICULAR, NON-U.K. RESIDENT OR DOMICILED PERSONS OR PERSONS SUBJECT TO TAXATION IN ANY JURISDICTION OTHER THAN THE U.K. ARE ADVISED TO CONSIDER THE POTENTIAL IMPACT OF ANY RELEVANT DOUBLE TAXATION AGREEMENTS.

Dividends

Withholding Tax

Dividends paid by the Company will not be subject to any withholding or deduction for or on account of U.K. tax.

Income Tax

An individual U.K. Holder may, depending on his or her particular circumstances, be subject to U.K. tax on dividends received from the company. An individual holder of ADSs who is not resident for tax purposes in the United Kingdom should not be chargeable to U.K. income tax on dividends received from the company unless he or she carries on (whether solely or in partnership) a trade, profession or vocation in the U.K. through a permanent establishment, branch or agency to which the ADSs are attributable. There are certain exceptions for trading in the UK through independent agents, such as some brokers and investment managers.

All dividends received by an individual U.K. Holder from us or from other sources will form part of that U.K. Holder's total income for income tax purposes and will constitute the top slice of that income. A nil rate of income tax will apply to the first £2,000 (for the tax year 2020/2021) of taxable dividend income received by the individual U.K. Holder in a tax year ('dividend allowance'). Income within the nil rate band will be taken into account in determining whether income in excess of the dividend allowance falls within the basic rate, higher rate or additional rate tax bands. Income within the dividend allowance counts towards an individual's basic or higher rate limits and may, therefore, affect the level of income tax personal allowance to which they are entitled. Dividend income in excess of the dividend allowance will (subject to the availability of any income tax personal allowance) be taxed at 7.5% (for the tax year 2020/2021) to the extent that the excess amount falls within the basic rate tax band, 32.5% (for the tax year 2020/2021) to the extent that the excess amount falls within the higher rate tax band and 38.1% (for the tax year 2020/2021) to the extent that the excess amount falls within the additional rate tax band.

Corporation Tax

A corporate holder of ADSs who is not resident for tax purposes in the United Kingdom should not be chargeable to U.K. corporation tax on dividends received from the company unless it carries on (whether solely or in partnership) a trade in the United Kingdom through a permanent establishment to which the ADSs are attributable.

Corporate U.K. Holders should not be subject to U.K. corporation tax on any dividend received from the company so long as the dividends qualify for exemption, which should be the case, although certain conditions must be met. It should be noted that the exemptions, whilst of wide application, are not comprehensive and are subject to anti-avoidance rules in relation to a dividend. If the conditions for the exemption are not satisfied or such anti-avoidance provisions apply, or such U.K. Holder elects for an otherwise exempt dividend to be taxable, U.K. corporation tax will be chargeable on the amount of any dividends (at the current rate of 19% for the tax year 2020/2021).

Chargeable Gains

A disposal or deemed disposal of ADSs by a U.K. Holder may, depending on the U.K. Holder's circumstances and subject to any available exemptions or reliefs (such as the annual exemption), give rise to a chargeable gain or an allowable loss for the purposes of U.K. capital gains tax and corporation tax on chargeable gains.

If an individual U.K. Holder who is subject to U.K. income tax at either the higher or the additional rate is liable to U.K. capital gains tax on the disposal of ADSs, the applicable rate will be 20% (for the tax year 2020/2021). For an individual U.K. Holder who is subject to U.K. income tax at the basic rate and liable to U.K. capital gains tax on such disposal, the applicable rate would be 10% (for the tax year 2020/2021), save to the extent that any capital gains when aggregated with the UK Holder's other taxable income and gains in the relevant tax year exceed the unused basic rate tax band. In that case, the rate applicable to the excess would be 20% (for the tax year 2020/2021).

If a corporate U.K. Holder becomes liable to U.K. corporation tax on the disposal (or deemed disposal) of ADSs, the main rate of U.K. corporation tax (currently 19% for the tax year 2020/2021) would apply.

A holder of ADSs which is not resident for tax purposes in the United Kingdom should not normally be liable to U.K. capital gains tax or corporation tax on chargeable gains on a disposal (or deemed disposal) of ADSs, unless the person is carrying on (whether solely or in partnership) a trade, profession or vocation in the U.K. through a branch or agency (or, in the case of a corporate holder of ADSs, through a permanent establishment) to which the ADSs are attributable. However, an individual holder of ADSs who has ceased to be resident for tax purposes in the U.K. or is treated as resident outside the UK for the purposes of a double taxation treaty for a period of five years or less and who disposes of ADSs during that period of temporary non-residence may be liable on his or her return to the U.K. (or upon ceasing to be regarded as resident outside the U.K. for the purposes of double taxation treaty) to U.K. tax on any capital gain realized (subject to any available exemption or relief).

Stamp Duty and Stamp Duty Reserve Tax

The discussion below relates to the holders of the underlying ordinary shares or ADSs wherever resident, however it should be noted that special rules may apply to certain persons such as market makers, brokers, dealers or intermediaries.

Issue of Ordinary Shares

No U.K. stamp duty or stamp duty reserve tax, or SDRT, is payable on the issue of the underlying ordinary shares in the Company.

Transfers of Ordinary Shares

An unconditional agreement to transfer ordinary shares will normally give rise to a charge to SDRT at the rate of 0.5% of the amount or value of the consideration payable for the transfer. The purchaser of the shares is liable for the SDRT. Transfers of ordinary shares in certificated form are generally also subject to stamp duty at the rate of 0.5% of the amount or value of the consideration given for the transfer (rounded up to the next £5.00). Stamp duty is normally paid by the purchaser. The charge to SDRT will be cancelled or, if already paid, repaid (generally with interest), where a transfer instrument has been duly stamped within six years of the charge arising, (either by paying the stamp duty or by claiming an appropriate relief) or if the instrument is otherwise exempt from stamp duty.

Clearance Services and Depositary Receipts

Under current U.K. tax law and published HMRC practice, no SDRT (and, where the transfer is effected by a written instrument, stamp duty) is generally payable where an issue or transfer of ordinary shares (including an unconditional agreement to transfer ordinary shares to a clearance service or a depositary receipt system (including to a nominee or agent for, a person whose business is or includes the issue of depositary receipts or the provision of clearance services)) is an integral part of an issue of share capital unless the clearance service has made and maintained an election under section 97A of the U.K. Finance Act 1986, or a section 97A election. It is understood that HMRC regards the facilities of DTC as a clearance service for these purposes and we are not aware of any section 97A election having been made by DTC.

Issue or Transfers of ADSs

No U.K. stamp duty or SDRT is required to be paid in respect of the issue of or an agreement to transfer the ADSs.

UNDERWRITING

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC, Goldman Sachs & Co. LLC, Jefferies LLC and Evercore Group, LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of ADSs indicated below:

Name	Number of ADSs
Morgan Stanley & Co. LLC	
Goldman Sachs & Co. LLC	
Jefferies LLC	
Evercore Group, LLC	
Total:	

The underwriters and the representatives are collectively referred to as the "underwriters" and the "representatives," respectively. The underwriters are offering the ADSs subject to their acceptance of the ADSs from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ADSs offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the ADSs offered by this prospectus if any such ADSs are taken. However, the underwriters are not required to take or pay for the ADSs covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer part of the ADSs directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ per ADS under the public offering price. After the initial offering of the ADSs, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional ADSs at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the ADSs offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional ADSs as the number listed next to the underwriter's name in the preceding table bears to the total number of ADSs listed next to the names of all underwriters in the preceding table.

The following table shows the per ADS and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional ADSs.

		Total	
	Per ADS	No Exercise	Full Exercise
Public offering price	$	$	$
Underwriting discounts and commissions to be paid by us	$	$	$
Proceeds, before expenses, to us	$	$	$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $. We have agreed to reimburse the underwriters for expense relating to clearance of this offering with the Financial Industry Regulatory Authority up to $.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of ADSs offered by them.

We will apply to list the ADSs on The Nasdaq Global Market under the trading symbol “ ”.

We and all directors and officers and the holders of all of our outstanding share and share options have agreed that, without the prior written consent of the representatives on behalf of the underwriters, we and they will not, and will not publicly disclose an intention to, during the period ending 180 days after the date of this prospectus (the “restricted period”):

- 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, lend or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs;
- file any registration statement with the Securities and Exchange Commission relating to the offering of any ordinary shares or ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs; or
- 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 ordinary shares or ADSs.

whether any such transaction described above is to be settled by delivery of ordinary shares or ADSs or such other securities, in cash or otherwise. In addition, we and each such person agrees that, without the prior written consent of the representatives on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any ordinary shares or ADSs or any security convertible into or exercisable or exchangeable for ordinary shares.

The restrictions described in the immediately preceding paragraph to do not apply to our directors, officers and securityholders in certain circumstances, including (subject to certain conditions):

- transactions relating to ordinary shares or ADSs acquired in this offering or in open market transactions after the completion of this offering;
- transfers of ordinary shares or ADSs or any security convertible into or exercisable or exchangeable for ordinary shares or ADSs as a bona fide gift;
- distributions of ordinary shares or ADSs or any security convertible into or exercisable or exchangeable for ordinary shares or ADSs to limited partners, shareholders, members, general partners, managers, directors, officers or employees or trust beneficiaries of the holder or of the holder’s affiliates (as defined in Rule 405 promulgated under the Securities Act) or to any investment fund or other entity that is directly or indirectly controlling, controlled by, managing or managed by or under common control with the holder or the holder’s affiliates in a transaction not involving a disposition for value;
- the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of ordinary shares or ADSs, provided that such plan does not provide for the transfer of ordinary shares or ADSs during the lock-up period;
- transfers or dispositions of ordinary shares or ADSs or other securities to any member of the immediate family of the holder or any trust for the direct or indirect benefit of the holder or the immediate family of the holder in a transaction not involving a disposition for value;
- transfers or dispositions of ordinary shares or ADSs or any security convertible into or exercisable or exchangeable for ordinary shares or ADSs to any corporation, partnership, limited liability company or other entity that is directly or indirectly controlling, controlled by, managing or managed by or under common control with the holder or the holder’s affiliates; including, for the avoidance of doubt, transfers or distributions of ordinary shares or ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs to a fund managed by the same manager or managing member or general partner or management company or by an entity controlling, controlled by, or under common control with such manager or managing member or general partner or management company as the holder or who shares a common investment advisor with the holder, in a transaction not involving a disposition for value;

- transfers or dispositions of ordinary shares or ADSs (A) by will, other testamentary document or intestate succession to the legal representative, heir, beneficiary or a member of the immediate family of the holder upon the death of the holder, or (B) by operation of law pursuant to a domestic order or negotiated divorce settlement;
- transfers or dispositions of ordinary shares or ADSs or any other security convertible into or exercisable or exchangeable for ordinary shares or ADSs to us pursuant to any contractual arrangement in effect prior to the date of such lock-up agreement and disclosed to each of the representatives in this offering that provides for the repurchase of the holder's ordinary shares or ADSs by us or in connection with the termination of the holder's employment with or service to us, provided that the repurchase price for any such ordinary shares or ADSs may not exceed the original purchase price (subject to appropriate adjustment in the event of any share dividend, share split, combination or other similar recapitalization) paid by the holder to us for such securities;
- the conversion of any convertible preferred shares described in this prospectus and outstanding as of the date of this prospectus into, or the exercise of any option or warrant described in this prospectus and outstanding as of the date of this prospectus for, ordinary shares or ADSs, provided that any such ordinary shares or ADSs received by the holder will be subject to the terms of such lock-up agreement; provided, further, that no public filing or public announcement under Section 16(a) of the Exchange Act shall be voluntarily made and any public filing or public announcement under Section 16(a) of the Exchange Act required during the lock-up period in connection with the conversion of such preferred share or the exercise of such share option or warrant must clearly indicate in the footnotes thereto or comments section thereof that the filing relates to the conversion of preferred share or the exercise of a share option or warrant, as the case may be, that no ordinary shares or ADSs were sold by the reporting person and that the ordinary shares or ADSs received upon exercise of the share option or warrant are subject to a lock-up agreement with the underwriters of this offering;
- transfers or dispositions of ordinary shares or ADSs or such other securities pursuant to a bona fide tender offer for shares of our share capital, merger, consolidation or other similar transaction made to all holders of our securities involving a "change of control" (as defined in the lock-up agreement) of our company (including without limitation, the entering into of any lock-up, voting or similar agreement pursuant to which the holder may agree to transfer, sell, tender or otherwise dispose of ordinary shares or ADSs or other securities in connection with such transaction) that has been approved by our board of directors, provided that, in the event that such bona fide tender offer, merger, consolidation or other similar transaction is not consummated, such securities shall remain subject to the same restrictions; or
- (A) the registration of the offer and sale of the ADSs and the sale of such ADSs to the underwriters in this offering or (B) the deposit of ordinary shares with the depositary, in exchange for the issuance of ADSs, or the cancellation of ADSs in exchange for the issuance of ordinary shares, provided that such ADSs or ordinary shares issued pursuant to clauses (A) and (B) held by the holder shall remain subject to the terms of the lock-up agreement.

The representatives, in their sole discretion, may release the ordinary shares, ADSs and other securities subject to the lock-up agreements described above in whole or in part at any time.

In order to facilitate the offering of the ADSs, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the ADSs. Specifically, the underwriters may sell more ADSs than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of ADSs available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing ADSs in the open market. In determining the source of ADSs to close out a covered short sale, the underwriters will consider, among other things, the open market price of ADSs compared to the price available under the over-allotment option. The underwriters may also sell ADSs in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing

ADSs 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 the ADSs in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, ADSs in the open market to stabilize the price of the ADSs. These activities may raise or maintain the market price of the ADSs above independent market levels or prevent or retard a decline in the market price of the ADSs. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of ADSs to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective 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 and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our ADSs. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area (each, a “Relevant State”), no ADSs have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the securities which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of ADSs may be made to the

public in that Relevant State of any ADSs at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the representatives; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of ADSs shall require us or any of our representatives to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, and each person who initially acquires any ADSs or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the underwriters and us that it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation. In the case of any ADSs being offered to a financial intermediary as that term is used in the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the ADSs acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any ADSs to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the underwriters has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer to the public" in relation to any ADSs in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any ADSs to be offered so as to enable an investor to decide to purchase any ADSs, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129 (as amended).

United Kingdom

No ADSs have been offered or will be offered pursuant to the offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the ADSs which has been approved by the Financial Conduct Authority, except that the ADSs may be offered to the public in the United Kingdom at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Section 86 of the FSMA.

provided that no such offer of the ADSs shall require us or any underwriter to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the ADSs in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any ADSs to be offered so as to enable an investor to decide to purchase or subscribe for any ADSs and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

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 UK Prospectus Regulation) (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, or 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"). 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. Any person in the UK who is not a relevant person must not act on or rely upon this document or any of its contents.

Canada

The ADSs 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 ADSs 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.

Hong Kong

Our ADSs may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation, or document relating to our ADSs may be issued or may be in the possession of any person for the purpose of issue (in each case 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 in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to our ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

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 our ADSs may not be circulated or distributed, nor may our ADSs 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 (SFA) (ii) to a relevant person, 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 our ADSs are subscribed or purchased under Section 275 by a relevant person which is: (i) a corporation (which is not an accredited investor) 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 (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired our ADSs under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Solely for purposes of the notification requirements under Section 309B(1)(c) of the Securities and Futures Act, Chapter 289 of Singapore. The ADSs s are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Dubai International Financial Center

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 ADSs offered should conduct their own due diligence on the ADSs. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

United Arab Emirates

The ADSs have not been offered or sold, and will not be offered or sold, directly or indirectly, in the United Arab Emirates, except: (1) in compliance with all applicable laws and regulations of the United Arab Emirates; and (2) through persons or corporate entities authorized and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the United Arab Emirates. The information contained in this prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and is addressed only to persons who are sophisticated investors.

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 ADSs 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 investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the ADSs without disclosure to investors under Chapter 6D of the Corporations Act.

The ADSs 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 ADSs 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.

Switzerland

The ADSs 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 ADSs 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, Legend Biotech Corporation, or the ADSs 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 ADSs will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("FINMA"), and the offer of ADSs 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 ADSs.

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "FIEL") has been made or will be made with respect to the solicitation of the application for the acquisition of the ADSs.

Accordingly, the ADSs have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

For Qualified Institutional Investors ("QII")

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the ADSs constitutes either a "QII only private placement" or a "QII only secondary distribution" (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the ADSs. The ADSs may only be transferred to QIIs.

For Non-QII Investors

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the ADSs constitutes either a "small number private placement" or a "small

number private secondary distribution" (each as is described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the ADSs. The ADSs may only be transferred en bloc without subdivision to a single investor.

Cayman Islands

This prospectus does not constitute a public offer of the ADSs or ordinary shares, whether by way of sale or subscription, in the Cayman Islands. Each underwriter has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any ADSs or ordinary shares in the Cayman Islands.

Indonesia

This prospectus does not, and is not intended to, constitute a public offering in Indonesia under Law Number 8 of 1995 regarding Capital Market. This prospectus may not be distributed in the Republic of Indonesia and the ADSs may not be offered or sold in the Republic of Indonesia or to Indonesian citizens wherever they are domiciled, or to Indonesia residents, in a manner which constitutes a public offering under the laws of the Republic of Indonesia.

Israel

In the State of Israel, the ADSs offered hereby may not be offered to any person or entity other than the following:

- a fund for joint investments in trust (i.e., mutual fund), as such term is defined in the Law for Joint Investments in Trust, 5754-1994, or a management company of such a fund;
- a provident fund as defined in Section 47(a)(2) of the Income Tax Ordinance of the State of Israel, or a management company of such a fund;
- an insurer, as defined in the Law for Oversight of Insurance Transactions, 5741-1981, a banking entity or satellite entity, as such terms are defined in the Banking Law (Licensing), 5741-1981, other than a joint services company, acting for their own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- a company that is licensed as a portfolio manager, as such term is defined in Section 8(b) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- a company that is licensed as an investment advisor, as such term is defined in Section 7(c) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account;
- a company that is a member of the Tel Aviv Stock Exchange, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- an underwriter fulfilling the conditions of Section 56(c) of the Securities Law, 5728-1968;
- a venture capital fund (defined as an entity primarily involved in investments in companies which, at the time of investment, (i) are primarily engaged in research and development or manufacture of new technological products or processes and (ii) involve above-average risk);
- an entity primarily engaged in capital markets activities in which all of the equity owners meet one or more of the above criteria; and
- an entity, other than an entity formed for the purpose of purchasing the ADSs in this offering, in which shareholders' equity (including pursuant to foreign accounting rules, international accounting

regulations and U.S. generally accepted accounting rules, as defined in the Securities Law Regulations (Preparation of Annual Financial Statements), 1993) is in excess of NIS

- 250 million.

Any offeree of the ADSs offered hereby in the State of Israel shall be required to submit written confirmation that it falls within the scope of one of the above criteria. This prospectus will not be distributed or directed to investors in the State of Israel who do not fall within one of the above criteria.

Korea

The ADSs may not be offered, sold and delivered directly or indirectly, or offered or sold to any person for reoffering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the Korea Securities and Exchange Act and the Foreign Exchange Transaction Law and the decrees and regulations thereunder. The ADSs have not been registered with the Financial Services Commission of Korea for public offering in Korea. Furthermore, the ADSs may not be resold to Korean residents unless the purchaser of the ADSs complies with all applicable regulatory requirements (including but not limited to government approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with the purchase of the ADSs.

Kuwait

Unless all necessary approvals from the Kuwait Ministry of Commerce and Industry required by Law No. 31/1990 "Regulating the Negotiation of Securities and Establishment of Investment Funds," its Executive Regulations and the various Ministerial Orders issued pursuant thereto or in connection therewith, have been given in relation to the marketing and sale of the ADSs, these may not be marketed, offered for sale, nor sold in the State of Kuwait. Neither this prospectus (including any related document), nor any of the information contained therein is intended to lead to the conclusion of any contract of whatsoever nature within Kuwait.

Malaysia

The offering of the ADSs has not been and will not be approved by the Securities Commission Malaysia, or SC, and this document has not been and will not be registered as a prospectus with the SC under the Malaysian Capital Markets and Services Act 2007, or CMSA. Accordingly, no ADSs or invitation to purchase is being made to any person in Malaysia under this document except to persons falling within any of paragraphs 2(g)(i) to (xi) of Schedule 5 of the CMSA and distributed only by a holder of a Capital Markets Services License who carries on the business of dealing in securities.

People's Republic of China

This prospectus may not be circulated or distributed in the PRC and the ADSs may not be offered or sold, and will not offer or sell to any person for re-offering or resale directly or indirectly to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. For the purposes of this paragraph, the PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

Philippines

THE ADSS BEING OFFERED OR SOLD HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE OF THE PHILIPPINES, OR THE SRC. ANY FUTURE OFFER OR SALE OF THE ADSS WITHIN THE PHILIPPINES IS SUBJECT TO THE REGISTRATION REQUIREMENTS UNDER THE SRC UNLESS SUCH OFFER OR SALE QUALIFIES AS A TRANSACTION EXEMPT FROM THE REGISTRATION UNDER THE SRC.

Accordingly, this prospectus, and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the ADSs, may not be circulated or distributed in the Philippines, and the ADSs may not be offered or sold, or be made the subject of an invitation for subscription or purchase, to persons in the Philippines, other than (i) to qualified investors in transactions that are exempt from the registration requirements of the SRC; and (ii) by persons licensed to make such offers or sales in the Philippines.

Qatar

In the State of Qatar, the offer contained herein is made on an exclusive basis to the specifically intended recipient thereof, upon that person's request and initiative, for personal use only and shall in no way be construed as a general offer for the sale of securities to the public or an attempt to do business as a bank, an investment company or otherwise in the State of Qatar. This prospectus and the underlying securities have not been approved or licensed by the Qatar Central Bank or the Qatar Financial Center Regulatory Authority or any other regulator in the State of Qatar. The information contained in this prospectus shall only be shared with any third parties in Qatar on a need to know basis for the purpose of evaluating the contained offer. Any distribution of this prospectus by the recipient to third parties in Qatar beyond the terms hereof is not permitted and shall be at the liability of such recipient.

Saudi Arabia

This prospectus may not be distributed in the Kingdom except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this prospectus you should consult an authorized financial adviser.

Taiwan

The ADSs have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that require a registration, filing or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the ADSs in Taiwan through a public offering or in such an offering that require registration, filing or approval of the Financial Supervisory Commission of Taiwan except pursuant to the applicable laws and regulations of Taiwan and the competent authority's rulings thereunder.

Thailand

This prospectus does not, and is not intended to, constitute a public offering in Thailand. The ADSs may not be offered or sold to persons in Thailand, unless such offering is made under the exemptions from approval and filing requirements under applicable laws, or under circumstances which do not constitute an offer for sale of the shares to the public for the purposes of the Securities and Exchange Act of 1992 of Thailand, nor require approval from the Office of the Securities and Exchange Commission of Thailand.

Vietnam

This offering of ADSs has not been and will not be registered with the State Securities Commission of Vietnam under the Law on Securities of Vietnam and its guiding decrees and circulars. The ADSs will not be offered or sold in Vietnam through a public offering and will not be offered or sold to Vietnamese persons other than those who are licensed to invest in offshore securities under the Law on Investment of Vietnam

LEGAL MATTERS

The validity of our ADSs and certain other matters of English law will be passed upon for us by Goodwin Proctor (UK) LLP and U.S. federal law will be passed upon for us by Goodwin Procter LLP. Certain legal matters related to this offering will be passed upon for the underwriters by Cooley LLP, with respect to U.S. federal law, and Cooley (UK) LLP, with respect to English law.

EXPERTS

The combined financial statements of the Centessa Predecessor Group (consisting of Z Factor Limited, LockBody Therapeutics Ltd, and Morphogen-IX Limited) as of December 31, 2019 and 2020 and for the years then ended, and the financial statements of Centessa Pharmaceuticals Limited as of December 31, 2020 and for the period October 26, 2020 (inception) through December 31, 2020, have been included herein and in the registration statement in reliance upon the reports of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The financial statements of Capella Bioscience Limited as of December 31, 2019 and 2020 and for the years then ended; the financial statements of ApcinteX Limited as of December 31, 2019 and 2020 and for the years then ended; the financial statements of Inexia Limited as of December 31, 2019 and 2020 and for the years then ended; the financial statements of Orexia Limited as of December 31, 2019 and 2020 and for the years then ended; the financial statements of Janpix Limited as of December 31, 2019 and 2020 and for the years then ended; the financial statements of Pega-One S.A.S. as of December 31, 2019 and 2020 and for the period from August 8, 2019 (inception) through December 31, 2019 and for the year ended December 31, 2020; the financial statements of Palladio Biosciences, Inc. as of December 31, 2019 and 2020 and for the nine months ended December 31, 2019 and for the year ended December 31, 2020; and the financial statements of PearlRiver Bio GmbH as of December 31, 2019 and 2020 and for the period from February 15, 2019 (inception) through December 31, 2019 and for the year ended December 31, 2020 included in this prospectus have been so included in reliance on the reports of Frazier & Deeter, LLC, independent auditors, appearing elsewhere herein, upon the authority of said firm as experts in auditing and accounting.

SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES

Centessa is incorporated and validly existing under the laws of England and Wales. In addition, certain of our directors and officers reside outside of the United States and most of the assets of our non-U.S. subsidiaries are located outside of the United States. As a result, it may be difficult for investors to effect service of process on us or those persons in the United States or to enforce in the United States judgments obtained in United States courts against us or those persons based on the civil liability or other provisions of the United States securities laws or other laws.

In addition, uncertainty exists as to whether the courts of England and Wales would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liabilities provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in England and Wales against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

We have been advised by Goodwin Procter LLP that there is currently no treaty between (i) the United States and (ii) England and Wales providing for reciprocal recognition and enforcement of judgments of United States courts in civil and commercial matters (although the United States and the United Kingdom are both parties to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards) and that a final judgment for the payment of money rendered by any general or state court in the United States based on civil liability, whether predicated solely upon the United States securities laws, would not be automatically enforceable in England and Wales. We have also been advised by Goodwin Procter LLP that any final and conclusive monetary judgment for a definite sum obtained against us in United States courts would be treated by the courts of England and Wales as a cause of action in itself and sued upon as a debt at common law so that no retrial of the issues would be necessary, provided that:

- the relevant U.S. court had jurisdiction over the original proceedings according to English conflicts of laws principles at the time when proceedings were initiated;
- England and Wales courts had jurisdiction over the matter on enforcement and we either submitted to such jurisdiction or were resident or carrying on business within such jurisdiction and were duly served with process;
- the U.S. judgment was final and conclusive on the merits in the sense of being final and unalterable in the court that pronounced it and being for a definite sum of money;
- the judgment given by the courts was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations (or otherwise based on a U.S. law that an English court considers to relate to a penal, revenue or other public law);
- the judgment was not procured by fraud;
- recognition or enforcement of the judgment in England and Wales would not be contrary to public policy or the Human Rights Act 1998;
- the proceedings pursuant to which judgment was obtained were not contrary to natural justice;
- the U.S. judgment was not arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the U.K. Protection of Trading Interests Act 1980, or is a judgment based on measures designated by the Secretary of State under Section 1 of that Act;
- there is not a prior decision of an English court or the court of another jurisdiction on the issues in question between the same parties; and
- the English enforcement proceedings were commenced within the limitation period.

Whether these requirements are met in respect of a judgment based upon the civil liability provisions of the United States securities laws, including whether the award of monetary damages under such laws would constitute a penalty, is an issue for the court making such decision.

Subject to the foregoing, investors may be able to enforce in England and Wales judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. Nevertheless, we cannot assure you that those judgments will be recognized or enforceable in England and Wales.

If an English court gives judgment for the sum payable under a U.S. judgment, the English judgment will be enforceable by methods generally available for this purpose. These methods generally permit the English court discretion to prescribe the manner of enforcement. In addition, it may not be possible to obtain an English judgment or to enforce that judgment if the judgment debtor is or becomes subject to any insolvency or similar proceedings, or if the judgment debtor has any set-off or counterclaim against the judgment creditor. Also note that, in any enforcement proceedings, the judgment debtor may raise any counterclaim that could have been brought if the action had been originally brought in England unless the subject of the counterclaim was in issue and denied in the U.S. proceedings.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 (File Number 333-) under the Securities Act with respect to the ADSs we are offering by this prospectus. A related registration statement on Form F-6 will be filed with the SEC to register the ADSs. This prospectus does not contain all of the information included in the registration statement. For further information pertaining to us and the ADSs, you should refer to the registration statement and to its exhibits. Whenever we make reference in this prospectus to any of our contracts, agreements or other documents, the references are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract, agreement or other document.

Upon the closing of the offering, we will be subject to the informational requirements of the Securities Exchange Act of 1934 and will file annual, quarterly and current reports, proxy statements and other information with the SEC. You can read our SEC filings, including the registration statement, over the Internet at the SEC's website at *www.sec.gov*.

We intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated combined financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Centessa Pharmaceuticals Limited:

Opinion on the Financial Statements

We have audited the accompanying balance sheet of Centessa Pharmaceuticals Limited (the Company) as of December 31, 2020, the related statements of operations and comprehensive loss, shareholders' deficit, and cash flows for the period October 26, 2020 (inception) through December 31, 2020, and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations and its cash flows for the period October 26, 2020 (inception) through December 31, 2020, 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 these financial statements based on our audit. 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 audit 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. Our audit 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 audit 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 audit provides a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2021.

Boston, Massachusetts
March 12, 2021

Centessa Pharmaceuticals Limited
Balance Sheet
(All amounts presented in USD thousands, except share data)

	December 31, 2020
Assets	
Current assets:	
Cash	$ 5,003
Subscription receivable	11
Total current assets	5,014
Deferred offering costs	248
Total assets	$ 5,262
Liabilities and shareholders' deficit	
Current liabilities:	
Convertible term notes	$ 4,171
Derivative liability	833
Accounts payable	15
Accrued expenses and other current liabilities	3,457
Total current liabilities	8,476
Commitments and contingencies (Note 3)	
Shareholders' deficit:	
Ordinary shares: £0.001 nominal value: 15,000,000 shares issued and outstanding	21
Accumulated other comprehensive loss	(86)
Accumulated deficit	(3,149)
Total shareholders' deficit	(3,214)
Total liabilities and shareholders' deficit	$ 5,262

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

Centessa Pharmaceuticals Limited
Statement of Operations and Comprehensive Loss
(All amounts presented in USD thousands)

	October 26, 2020 (inception) through December 31, 2020
Operating expenses:	
General and administrative	$ 3,139
Loss from operations	(3,139)
Interest expense, net	(2)
Amortization of debt discount	(8)
Net loss	(3,149)
Other comprehensive loss:	
Foreign currency translation adjustment	(86)
Total comprehensive loss	$ (3,235)
Net loss per ordinary share – basic and diluted	$ (0.40)
Weighted average ordinary shares – basic and diluted	7,836,299

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

Centessa Pharmaceuticals Limited
Statement of Shareholders' Deficit
(All amounts presented in USD thousands, except share data)

	Ordinary Shares	Amount	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance as of October 26, 2020 (inception)	—	$ —	$ —	$ —	$ —
Issuance of ordinary shares	15,000,000	21			21
Net loss	—	—	—	(3,149)	(3,149)
Foreign currency translation adjustment	—	—	(86)	—	(86)
Balance as of December 31, 2020	15,000,000	$ 21	$ (86)	$ (3,149)	$(3,214)

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

Centessa Pharmaceuticals Limited
Statement of Cash Flows
(All amounts presented in USD thousands)

	October 26, 2020 (inception) through December 31, 2020
Cash flows from operating activities:	
Net loss	$ (3,149)
Adjustments to reconcile net loss to cash used in operating activities:	
Non-cash interest	2
Amortization of debt discount	8
Changes in operating assets and liabilities:	
Accounts payable	15
Accrued expenses and other current liabilities	3,124
Net cash used in operating activities	—
Cash flows from financing activities:	
Proceeds from the issuance of ordinary shares	10
Proceeds from convertible term notes	5,000
Net cash provided by financing activities	5,010
Effect of exchange rate changes on cash	(7)
Net Increase in cash	5,003
Cash - beginning of the period	—
Cash - end of the period	$ 5,003
Supplemental disclosure of non-cash financing activities:	
Deferred offering costs included in accrued expenses	$ 248
Ordinary shares issued for subscription receivable	$ 11

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

Centessa Pharmaceuticals Limited
Notes to the Financial Statements

1. Organization and Description of Business

Centessa Pharmaceuticals Limited ("Centessa" or "the Company") is a pharmaceutical company conceived to develop and deliver life-altering and life-enhancing medicines to patients with an asset centric research and development logic applied at scale. Centessa was incorporated on October 26, 2020 as a limited liability company in England and Wales.

Entities affiliated with Medicxi manage multiple investment funds, including – Medicxi Ventures I LP, Medicxi Growth I LP, and Medicxi Secondary I LP. In addition, entities affiliated with Medicxi act as sub advisors to Index Ventures Life VI (Jersey) Limited which advises the managing general partner of Index Ventures Life VI (Jersey), L.P.

In January 2021, the management and other equity holders (including funds managed or advised by entities affiliated with Medicxi) of ApcinteX Limited, Capella Biosciences Limited, Inexia Limited, Janpix Limited, LockBody Therapeutics Ltd, Morphogen-IX Limited, Orexia Limited, Palladio Biosciences, Inc., Pearl River Bio GmbH, Pega One S.A.S., and Z Factor Limited (together, the "Centessa Subsidiaries"), contributed the Centessa Subsidiaries to Centessa, in a share for share exchange, after which these companies became wholly-owned subsidiaries of Centessa. Due to the overlapping therapeutic focus of our Centessa subsidiaries, Orexia Limited (now renamed Orexia Therapeutics Limited) and Inexia Limited, the Company determined it to be in the best interest of both entities to combine the business of Orexia Therapeutics Limited and Inexia Limited.

Risks and Liquidity

The Company is subject to risks common to other life science companies in the early development stage including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, development by its competitors of new technological innovations, dependence on key personnel, market acceptance of products, product liability, protection of proprietary technology, ability to raise additional financing and compliance with government regulations, in the markets in which the Company is seeking approvals, including U.S. Food and Drug Administration ("FDA") regulations. If the Company does not successfully advance its programs into and through human clinical trials and/or enter into collaborations for its programs and commercialize any of its product candidates, it may be unable to produce product revenue or achieve profitability.

The Company has incurred losses and negative cash flows from operations since inception and had an accumulated deficit of $3.1 million as of December 31, 2020. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of the product candidates currently in development by the Centessa Subsidiaries. Substantial additional capital will be needed by the Company to fund its operations (including those of the Centessa Subsidiaries) and to develop its product candidates. In January 2021, Centessa acquired 100% of the equity interests of eleven biotechnology companies in exchange for ordinary shares of Centessa. Concurrent with the acquisition, Centessa completed a Series A preferred equity financing, whereby Centessa received gross proceeds of $250.0 million comprised of $245.0 million in proceeds from the sale of its Series A preferred shares and the conversion of $5.0 million in convertible debt.

The Company expects that its cash as of December 31, 2020, and the proceeds received from its Series A financing, will be sufficient to fund operations (including those of the Centessa Subsidiaries) for at least the next twelve months from the date these financial statements were made available for issuance.

Global Pandemic – COVID-19

On March 10, 2020, the World Health Organization characterized the novel COVID-19 virus as a global pandemic. The Company is continuing to proactively monitor and assess the COVID-19, global pandemic. Since

its inception, the Company has activated a management team taskforce to assess the potential impact on its business that may result from this rapidly evolving crisis and to avoid any unnecessary potential delays to the Company's programs. At this time, the lead programs and research activities remain on track. The safety and well-being of employees, patients and partners is the Company's highest priority. At the current time, the Company is unable to quantify the potential effects of this pandemic on its future operations.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASUs") promulgated by the Financial Accounting Standards Board ("FASB"). In the opinion of management, the accompanying financial statements include all normal and recurring adjustments, which consist primarily of accruals, estimates and assumptions that are considered necessary to present fairly the Company's financial position as of December 31, 2020, the results of its operations and cash flows from October 26, 2020 (inception) through December 31, 2020.

Foreign Currency Translation

The Company's financial statements are presented in U.S. dollars, the reporting currency of the Company. The Company's functional currency is the British Pound. Expenses have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheets dates and equity accounts at their respective historical rates. The resulting translation gain and loss adjustments are recorded directly as a separate component of shareholders' deficit as other comprehensive income (loss). Transactions denominated in a currency other than the Company's functional currency are remeasured based upon the exchange rate at the date of remeasurement with the resulting gain or loss included in the accompanying statements of operations and comprehensive loss. Foreign exchange difference gains and losses are immaterial to these financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Significant estimates and assumptions reflected in these financial statements include, but are not limited to, the valuation of liabilities associated with financial instruments and derivatives. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. Actual results could differ from the Company's estimates.

Segment Information

Operating segments are defined as components of an enterprise with separate discrete information available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business as one segment.

Fair Value of Financial Instruments

The Company's financial instruments consist of accounts payable, accrued expenses, convertible notes and derivatives embedded within the convertible term notes. The carrying amount of accounts payable, accrued

expenses and convertible notes are considered a reasonable estimate of their fair value, due to the short-term maturity of these instruments. The Company's derivative liability is carried at fair value, determined according to the fair value hierarchy described below.

The Company follows the guidance in FASB ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
Level 2:	Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
Level 3:	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Deferred Financing Costs

The Company capitalizes costs that are directly associated with in-process equity financings until such financings are consummated, at which time such costs are recorded against the gross proceeds from the applicable financing. If a financing is abandoned, deferred financing costs are expensed. Financing costs are expensed immediately if the financial instrument is recorded at its estimated fair value and subject to remeasurement. As of December 31, 2020, there were $0.2 million of deferred offering costs on the Company's balance sheet.

Convertible Term Notes and Derivative Liability

In connection with the issuance of the convertible term notes (note 5), the Company had identified redemption features that required bifurcation into an embedded derivative, which was recorded as a derivative liability on the balance sheet and will be remeasured to fair value at each reporting date until the derivative is settled. Changes in the fair value of the derivative liability are recognized in the statement of operations and comprehensive loss.

Upon issuance of the convertible term notes, the Company bifurcated the redemption feature, and each note was recorded at cost, net of debt discount. The discount on each note was amortized as interest expense to the date such note was expected to convert using the effective interest rate method and was reflected in the statement of operations and comprehensive loss as amortization of debt discount.

The Company classified its derivative liability in the balance sheet as current or non-current based on its expectation of when the derivative will be settled, consistent with the assumptions used when determining the fair value of the derivative liability.

Income Taxes

Income taxes are accounted for under the asset-and-liability method as required by FASB ASC Topic 740, *Income Taxes* (ASC 740). 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 corresponding to the enactment date. Under ASC 740, a valuation allowance is required when it is more likely than not all or some portion of the deferred tax assets will not be realized through generating sufficient future taxable income.

The Company accounts for uncertain tax positions pursuant to GAAP, specifically ASC 740, which prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. If the tax position meets this threshold, the benefit to be recognized is measured as the tax benefit having the highest likelihood of being realized upon ultimate settlement with the taxing authority. As of December 31, 2020, the Company had not recorded any unrecognized tax benefits.

Comprehensive Loss

Comprehensive loss includes net loss as well as other changes in shareholders' deficit that result from transactions and economic events other than those with shareholders. For the period October 26, 2020 (inception) through December 31, 2020, the Company's only element of other comprehensive loss was the change in foreign currency translation adjustments.

JOBS Act Accounting Election

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) 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.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires a lessee to record a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. As the Company has elected to use the extended transition period for complying with new or revised accounting standards as available under the Jobs Act, the standard is effective for the Company beginning January 1, 2022, with early adoption permitted. The Company is currently evaluating the expected impact that the standard could have on its financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020-06, "(Subtopic 470-20): *Debt—Debt with Conversion and Other Options*" ("ASU 2020-06") to address the complexity associated with applying GAAP to certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 includes amendments to the guidance on convertible instruments and the derivative scope exception for contracts in an entity's own equity and simplifies the accounting for convertible instruments which include beneficial conversion features or cash conversion features by removing certain separation models in Subtopic 470-20. Additionally, ASU 2020-06 will require entities to use the "if-converted" method when calculating diluted earnings per share for convertible instruments. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023 (fiscal year 2024 for the Company), including interim periods within those fiscal years. The Company is currently evaluating the impact of ASU 2020-06 on financial position, results of operations or cash flows.

Centessa Pharmaceuticals Limited
Notes to the Financial Statements

3. Commitments and Contingencies

Commitments

As of December 31, 2020, the Company had not entered into any non-cancellable commitments.

Contingencies

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of its business activities. The Company accrues a liability for such matters when it is probable that future expenditures will be made, and such expenditures can be reasonably estimated.

Litigation

The Company is not a party to any litigation as of December 31, 2020.

4. Shareholders' Deficit

Ordinary Shares

Ordinary shares confer upon its holders voting rights, the right to receive cash and stock dividends, if declared, and the right to share in excess assets upon liquidation of the Company. The holders of ordinary shares are entitled to one vote per share.

Centessa was incorporated on October 26, 2020 with the issuance of 1,000 ordinary shares. In November 2020, the Company issued 14,999,000 ordinary shares of £0.001 each in accordance with the terms of subscription letters, issued to individuals associated with Medicxi and the Index Foundation.

5. Convertible Term Notes

In December 2020, Centessa entered into a convertible loan agreement (the Agreement) with Medicxi Growth, whereby the Company issued $5.0 million of unsecured convertible term notes to Medicxi Growth. The convertible loans were issued as a bridge financing in contemplation of completing the Series A financing within the next six months. The convertible term notes had a stated interest rate of 8% per annum, which is not payable until settlement of the principal, being the maturity date June 29, 2021.

The principal and accrued interest due under the convertible term notes converts:

- into the class of Centessa stock issued in the Company's next qualified fund raising, at 80% of the subscription price paid in such financing.
- prior to maturity and in the event future equity financings do not trigger a Qualified Financing, at Medicxi Growth's election and at 80% of the subscription price paid for the most senior securities sold by the Company.

At inception, the Company concluded that the convertible term notes contained a conversion option at a significant discount that was deemed to be an embedded derivative, which is required to be bifurcated and accounted for separately from the debt host. There were no debt issuance costs associated with the convertible term notes.

Centessa Pharmaceuticals Limited
Notes to the Financial Statements

The Company recognized the following changes related to the convertible term notes during the period October 26, 2020 (inception) through December 31, 2020 (in thousands):

Balance as of October 26, 2020	$ —
Issuance of convertible term notes	5,000
Allocation of note issuance proceeds to derivative	(833)
Amortization of debt discount	8
Accrued interest	2
Foreign currency translation adjustment	(6)
Balance as of December 31, 2020	$4,171

In January 2021, the Convertible Term Note converted into Series A preferred shares of Centessa Pharmaceuticals Limited as part of the Company's Series A preferred equity financing.

6. Fair Value Measurement

The following table presents information about the Company's assets and liabilities as of December 31, 2020 that are measured at fair value on a recurring basis and indicates the level of the fair value hierarchy utilized to determine such fair values (in thousands):

	Fair Value Measurement at December 31, 2020 using			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Derivative liability	$ —	$ —	$ 833	$833

The derivative liability was considered a Level 3 liability because its fair value measurement was based, in part, on significant inputs not observed in the market. The fair value of the derivative was estimated primarily on the probability of the Company's next qualified fund raising occurring and the timing of such event. There was no change in the fair value of the derivative liability from issuance through December 31, 2020.

7. Income Taxes

A reconciliation of the United Kingdom income tax rate to the Company's effective tax rate is as follows:

	October 26, 2020 (inception) through December 31, 2020
Statutory tax rate benefit	19%
Non-deductible expenses	(19)
Effective income tax rate	—%

The Company has incurred net operating losses of $2,702 during the period from October 26, 2020 (inception) through December 31, 2020. Due to the profile of the Company, a full valuation allowance has been provided against this deferred tax asset.

Centessa Pharmaceuticals Limited
Notes to the Financial Statements

The Company will recognize interest and penalties related to uncertain tax positions as a component of income tax expense. As of December 31, 2020, the Company had no accrued interest or penalties related to uncertain tax positions and no amounts have been recognized in the Company's statement of operations and comprehensive loss.

The board of directors may decide to purchase and maintain insurance, at our expense, for the benefit of any relevant officer in respect of any relevant loss.

8. Subsequent Events

In January 2021, 8,900,000 Founder's Shares were repurchased by the Company at a nominal value (£ 0.001) and were cancelled immediately.

The Company has evaluated subsequent events from the balance sheet date through March 12, 2021, the issuance date of these financial statements and has not identified any requiring disclosure except as noted above.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Centessa Pharmaceuticals Limited:

Opinion on the Combined Financial Statements

We have audited the accompanying combined balance sheets of the Centessa Predecessor Group (consisting of Z Factor Limited, LockBody Therapeutics Ltd, and Morphogen-IX Limited) (the Group) as of December 31, 2019 and 2020, the related combined statements of operations and comprehensive loss, convertible preferred shares and combined deficit, and cash flows for the years then ended, and the related notes (collectively, the combined financial statements). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2019 and 2020, 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 combined financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these combined 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 Group 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 combined financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the combined 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 combined 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 combined financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Group's auditor since 2021.

Boston, Massachusetts
March 12, 2021

Centessa Predecessor Group
Combined Balance Sheets
(All amounts presented in USD thousands, except share data)

	December 31,	
	2019	2020
Assets		
Current assets:		
Cash	$ 16,570	$ 7,227
Tax incentive receivable	1,077	2,633
Prepaid expenses and other current assets	1,580	1,305
Total current assets	19,227	11,165
Non-current tax incentive receivable	503	552
Total assets	$ 19,730	$ 11,717
Liabilities, convertible preferred shares and combined deficit		
Current liabilities:		
Convertible term notes	$ —	$ 5,339
Derivative liability	—	913
Term loans	544	288
Accounts payable	1,049	1,032
Accrued expenses and other current liabilities	339	1,047
Total current liabilities	1,932	8,619
Convertible term notes	3,615	—
Derivative liability	519	—
Total liabilities	6,066	8,619
Commitments and contingencies (Note 4)		
Convertible preferred shares (£0.0001 nominal value):		
Series A convertible preferred shares: 4,337,282 shares issued and outstanding (liquidation value of $14,106 at December 31, 2020)	13,329	13,329
Series B convertible preferred shares: 1,111,923 shares issued and outstanding (liquidation value of $11,813 at December 31, 2020)	10,840	10,840
Seed convertible preferred shares: 1,100,000 shares issued and outstanding (liquidation value of $1,506 at December 31, 2020)	1,352	1,352
Total convertible preferred shares	25,521	25,521
Combined deficit	(11,857)	(22,423)
Total liabilities, convertible preferred shares and combined deficit	$ 19,730	$ 11,717

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

Centessa Predecessor Group
Combined Statements of Operations and Comprehensive Loss
(All amounts presented in USD thousands)

	Year ended December 31,	
	2019	2020
Operating expenses:		
Research and development	$ 4,263	$ 9,301
General and administrative	790	1,139
Loss from operations	5,053	(10,440)
Interest income (expense), net	5	(68)
Change in fair value of derivative liability	—	(186)
Amortization of debt discount	(118)	(310)
Gain on extinguishment of debt	105	341
Net loss	5,061	(10,663)
Other comprehensive income (loss):		
Foreign currency translation adjustment	412	(240)
Total comprehensive loss	$ (4,649)	$ (10,903)

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

Centessa Predecessor Group
Combined Statements of Convertible Preferred Shares and Combined Deficit
(All amounts presented in USD thousands, except share data)

	Convertible Preferred Shares						Combined Deficit
	Series A		Series B		Seed		
	Shares	Amount	Shares	Amount	Shares	Amount	
Balance as of January 1, 2019	3,670,620	$ 8,161	1,111,923	$ 10,840	1,100,000	$ 1,352	$ (7,450)
Sale of Series A preferred shares	666,662	5,168	—	—	—	—	—
Net loss	—	—	—	—	—	—	(5,061)
Foreign currency translation adjustments	—	—	—	—	—	—	412
Share-based compensation expense	—	—	—	—	—	—	236
Net equity contributions	—	—	—	—	—	—	6
Balance as of December 31, 2019	4,337,282	13,329	1,111,923	10,840	1,100,000	1,352	(11,857)
Net loss	—	—	—	—	—	—	(10,663)
Foreign currency translation adjustments	—	—	—	—	—	—	(240)
Share-based compensation expense	—	—	—	—	—	—	336
Net equity contributions	—	—	—	—	—	—	1
Balance as of December 31, 2020	4,337,282	$ 13,329	1,111,923	$ 10,840	1,100,000	$ 1,352	$(22,423)

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

Centessa Predecessor Group
Combined Statements of Cash Flows
(All amounts presented in USD thousands)

	Year ended December 31,	
	2019	2020
Cash flows from operating activities:		
Net loss	$ (5,061)	$ (10,663)
Adjustments to reconcile net loss to cash used in operating activities:		
Non-cash interest	47	88
Share-based compensation expense	236	336
Depreciation and amortization	6	—
Change in fair value of derivative liability	—	186
Gain on extinguishment of debt	(105)	(341)
Amortization of debt discount	118	310
Changes in operating assets and liabilities:		
Tax incentive receivable	(647)	(1,456)
Prepaid expenses and other current assets	(1,397)	306
Accounts payable	855	(49)
Accrued expenses and other current liabilities	123	653
Net cash used in operating activities	(5,825)	(10,630)
Cash flows from financing activities:		
Net equity contributions	6	1
Proceeds from convertible term notes	3,831	1,284
Proceeds from term loans	—	77
Proceeds from the sale of Series A preferred shares	5,168	—
Net cash provided by financing activities	9,005	1,362
Effect of exchange rate changes on cash	520	(75)
Net increase (decrease) in cash	3,700	(9,343)
Cash - beginning of year	12,870	16,570
Cash - end of year	$ 16,570	$ 7,227

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

Centessa Predecessor Group
Notes to the Combined Financial Statements

1. Organization and Description of Business

Centessa Pharmaceuticals Limited ("Centessa" or "the Company") is a pharmaceutical company conceived to develop and deliver life-altering and life-enhancing medicines to patients with an asset centric research and development logic applied at scale. Centessa was incorporated on October 26, 2020 as a limited liability company in England and Wales.

Entities affiliated with Medicxi manage multiple investment funds, including – Medicxi Ventures I LP, Medicxi Growth I LP, and Medicxi Secondary I LP. In addition, entities affiliated with Medicxi act as sub advisors to Index Ventures Life VI (Jersey) Limited which advises the managing general partner of Index Ventures Life VI (Jersey), L.P. (all funds shall collectively be referred to as the "Funds"). The Funds are primarily comprised of strategic investments within the healthcare and life sciences industry.

In January 2021, the management and equity holders (including funds managed or advised by entities affiliated with Medicxi) of ApcinteX Limited, Capella Biosciences Limited, Inexia Limited, Janpix Limited, LockBody Therapeutics Ltd, Morphogen-IX Limited, Orexia Limited, Palladio Biosciences, Inc., Pearl River Bio GmbH, Pega One S.A.S., and Z Factor Limited (together, the "Centessa Subsidiaries"), contributed the Centessa Subsidiaries to Centessa, in a share for share exchange, after which these companies became wholly-owned subsidiaries of Centessa.

As the Company had no significant operations prior to the contribution of the Centessa Subsidiaries, and the registrant is required to present two years of historical financial statements, the Company's management ("Management") sought to identify a predecessor, for which it could include audited historical financial statements, to satisfy the filing requirement. As such, Management sought to identify the predecessor from the population of portfolio companies, which would represent a sizable portion of the historical results of the entities later contributed to Centessa.

Management determined the companies owned by Index Ventures Life VI (Jersey), LP individually represent some of the earliest investments by the Funds. These companies (together, the "Centessa Predecessor Group" or the "Group") are:

- Z Factor Limited ("Z Factor")
- LockBody Therapeutics Ltd ("LockBody")
- Morphogen-IX Limited ("Morphogen-IX")

As the above entities that comprise the Centessa Predecessor Group were historically under the common control of Index Ventures Life VI (Jersey), LP, the financial statements of the Group are being presented on a combined basis.

Risks and Liquidity

The Group is subject to risks common to other life science companies in the early development stage including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, development by its competitors of new technological innovations, dependence on key personnel, market acceptance of products, product liability, protection of proprietary technology, ability to raise additional financing and compliance with government regulations, in the markets in which the Group is seeking approvals, including U.S. Food and Drug Administration ("FDA") regulations. If the Group does not successfully advance its programs into and through human clinical trials and/or enter into collaborations for its programs and commercialize any of its product candidates, it may be unable to produce product revenue or achieve profitability.

Centessa Predecessor Group
Notes to the Combined Financial Statements

The Group has incurred recurring losses and negative cash flows from operations since inception and had a combined deficit of $22.4 million as of December 31, 2020. In January 2021, Centessa acquired 100% of the equity interests of eleven biotechnology companies, including the Group in exchange for ordinary shares of Centessa. Concurrent with the acquisition, Centessa completed a Series A preferred equity financing, whereby Centessa received gross proceeds of $250.0 million comprised of $245.0 million in proceeds from the sale of its Series A preferred shares and the conversion of $5.0 million in convertible debt. As the Group became a wholly-owned subsidiary of Centessa, future funding of the Group's operations is expected to be funded from Centessa's cash resources.

Centessa anticipates incurring additional losses until such time, if ever, that it can generate significant sales of the product candidates currently in development by the Centessa Subsidiaries. Substantial additional capital will be needed by the Company to fund its operations (including those of the Centessa Subsidiaries) and to develop its product candidates.

The Group expects that its cash as of December 31, 2020, and Centessa's cash resources, will be sufficient to fund operations for at least the next twelve months from the date these combined financial statements were made available for issuance.

Global Pandemic – COVID-19

On March 10, 2020, the World Health Organization characterized the novel COVID-19 virus as a global pandemic. Centessa Predecessor Group is continuing to proactively monitor and assess the COVID-19, global pandemic. Since early March, the Group has activated a management team taskforce to assess the potential impact on its business that may result from this rapidly evolving crisis and to avoid any unnecessary potential delays to the Centessa Predecessor Group's programs. At this time, the lead programs and research activities remain on track. The safety and well-being of employees, patients and partners is the Group's highest priority. At the current time, Centessa Predecessor Group is unable to quantify the potential effects of this pandemic on its future operations.

2. Summary of Significant Accounting Policies

Basis of Presentation and Combination

The accompanying combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASUs") promulgated by the Financial Accounting Standards Board ("FASB").

The combined financial statements include the accounts of Z Factor, Morphogen-IX and LockBody. All intercompany accounts and transactions have been eliminated in the combination.

In the opinion of management, the accompanying combined financial statements include all normal and recurring adjustments, which consist primarily of accruals, estimates and assumptions that are considered necessary to present fairly the Group's financial position as of December 31, 2019 and 2020, and the results of its operations and cash flows for the years ended December 31, 2019 and 2020.

Foreign Currency Translation

Centessa Predecessor Group's combined financial statements are presented in U.S. dollars, the reporting currency of Centessa Predecessor Group. The Group's functional currency is the British Pound. Expenses have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheets dates and equity accounts at their historic rates. The

resulting translation gain and loss adjustments are recorded directly as a separate component of combined deficit. Transactions denominated in a currency other than the Group's functional currency are remeasured based upon the exchange rate at the date of remeasurement with the resulting gain or loss included in the accompanying statements of operations and comprehensive loss. Foreign exchange difference gains and losses are immaterial to these combined financial statements.

Use of Estimates

The preparation of the combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of expenses during the reporting periods. Significant estimates and assumptions reflected in these combined financial statements include, but are not limited to, the accrual of research and development expenses, the valuation of liabilities associated with financial instruments and derivatives and share-based compensation. Estimates and assumptions are periodically reviewed in light of changes in circumstances, facts and experience. Actual results could differ from the Group's estimates.

Segment Information

Operating segments are defined as components of an enterprise with separate discrete information available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Group views its operations and manages its business as one segment.

Cash and Cash Equivalents

The Group considers all short-term, highly liquid investments with maturities of 90 days or less at acquisition date to be cash equivalents.

Concentration of Manufacturing Risk

The Group is dependent on third-party manufacturers to supply products for research and development activities in its programs. In particular, the Group relies and expects to continue to rely on a small number of manufacturers to supply it with its requirements for the active pharmaceutical ingredients and formulated drugs related to these programs. These programs could be adversely affected by a significant interruption in the supply of active pharmaceutical ingredients and formulated drugs. The Group has not experienced any material adverse impact as a result of the global pandemic – COVID-19.

Fair Value of Financial Instruments

The Group follows the guidance in FASB ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
Level 2:	Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
Level 3:	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Centessa Predecessor Group
Notes to the Combined Financial Statements

Management believes that the carrying amounts of tax incentive receivables, accounts payable, and accrued expenses approximate fair value due to the short-term nature of those instruments.

Convertible Term Notes and Derivative Liability

In connection with the issuance of the convertible term notes (Note 6), the Group had identified redemption features that required bifurcation into embedded derivatives, which were recorded as a derivative liability on the combined balance sheet and will be remeasured to fair value at each reporting date until the derivative is settled. Changes in the fair value of the derivative liability are recognized in the combined statements of operations and comprehensive loss.

Upon issuance of the convertible term notes, the Group bifurcated the redemption feature, and each note was recorded at cost, net of debt discount. The discount on each note was amortized as interest expense to the date such note was expected to convert using the effective interest rate method and was reflected in the combined statements of operations and comprehensive loss as amortization of debt discount.

The Group classified its derivative liability in the combined balance sheet as current or non-current based on its expectation of when the derivative will be settled, consistent with the assumptions used when determining the fair value of the derivative liability.

Research and Development Tax Incentives

The Group is subject to corporate taxation in the UK. As companies that carry out extensive research and development activities and qualify as a small or medium-sized enterprises (“SME”), the Group benefits from the UK Research and Development tax credit regime. Under the SME regime, the Group is able to surrender some of its trading losses that arise from qualifying research and development activities for a cash rebate of up to 33.35% of such qualifying research and development expenditure, reduced to 21.67% for subcontractor costs.

During the years ended December 31, 2019 and 2020, the Group recognized $1.3 million and $2.2 million respectively, which has been recorded as a reduction to research and development expenses in the combined statements of operations and comprehensive loss related to research and development taxation benefits.

Research and Development Costs

Research and development costs are expensed as incurred. Research and development costs include salaries and bonuses, share-based compensation, employee benefits, consulting costs and external contract research and development and manufacturing expenses.

Upfront payments and milestone payments made for the licensing of technology are expensed as research and development in the period in which they are incurred. Advance payments for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. The prepaid amounts are expensed as the related goods are delivered or the services are performed.

The Group accrues for estimated costs of research and development activities conducted by third-party service providers, which include the conduct of preclinical studies and clinical trials, and contract manufacturing activities. The Group records the estimated costs of research and development activities based upon the estimated amount of services provided and includes these costs in accrued expenses in the combined balance sheets. When evaluating the adequacy of the accrued liabilities, the Group analyzes progress of the research studies or clinical trials and manufacturing activities, including the phase or completion of events, invoices received and contracted

costs. Significant judgments and estimates may be made in determining the accrued expenses at the end of any reporting period. Actual results could differ from the Group's estimates. The Group's historical accrual estimates have not been materially different from the actual costs.

Share-Based Compensation

The Group measures share-based awards at their grant-date fair value and records compensation expense on a straight-line basis over the vesting period of the awards. Estimating the fair value of share-based awards requires the input of subjective assumptions, including the estimated fair value of each of the Centessa Predecessor Group entities' ordinary shares.

Convertible Preferred Shares

The convertible preferred shares are recorded outside of combined deficit because upon the occurrence of certain deemed liquidation events, the majority of the holders could vote to redeem the convertible preference shares at the liquidation preference and these events, are considered not solely within each of the Centessa Predecessor Group entities' control.

Income Taxes

Income taxes are accounted for under the asset-and-liability method as required by FASB ASC Topic 740, *Income Taxes* (ASC 740). 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 corresponding to the enactment date. Under ASC 740, a valuation allowance is required when it is more likely than not all or some portion of the deferred tax assets will not be realized through generating sufficient future taxable income.

The Group accounts for uncertain tax positions pursuant to GAAP, which prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. If the tax position meets this threshold, the benefit to be recognized is measured as the tax benefit having the highest likelihood of being realized upon ultimate settlement with the taxing authority. At December 31, 2019 and 2020, the Group had not recorded any unrecognized tax benefits.

Comprehensive Loss

Comprehensive loss includes net loss as well as other changes in combined deficit that result from transactions and economic events other than those with shareholders. For the years ended December 31, 2019 and 2020, the Group's only element of other comprehensive loss was the change in foreign currency translation adjustments.

JOBS Act Accounting Election

The Group is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Group has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) 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 combined financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires a lessee to record a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. As the Group has elected to use the extended transition period for complying with new or revised accounting standards as available under the Jobs Act, the standard is effective for the Group beginning January 1, 2022, with early adoption permitted. The Group is currently evaluating the expected impact that the standard could have on its financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020-06, "(Subtopic 470-20): *Debt—Debt with Conversion and Other Options"* ("ASU 2020-06") to address the complexity associated with applying GAAP to certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 includes amendments to the guidance on convertible instruments and the derivative scope exception for contracts in an entity's own equity and simplifies the accounting for convertible instruments which include beneficial conversion features or cash conversion features by removing certain separation models in Subtopic 470-20. Additionally, ASU 2020-06 will require entities to use the "if-converted" method when calculating diluted earnings per share for convertible instruments. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023 (fiscal year 2024 for the Group), including interim periods within those fiscal years. The Group is currently evaluating the impact of ASU 2020-06 on financial position, results of operations or cash flows.

3. Balance Sheet and Combined Deficit Components

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in USD thousands):

	December 31,	
	2019	2020
Prepaid insurance	$ 3	$ 9
Prepaid research and development costs	1,153	992
VAT receivables	420	298
Other	4	6
Total prepaid expenses and other current assets	$1,580	$1,305

Accrued Expenses and Other Current Liabilities

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

	December 31,	
	2019	2020
Research and development expenses	$306	$1,001
Professional fees	26	37
Other	7	9
Total accrued expenses and other current liabilities	$339	$1,047

Centessa Predecessor Group
Notes to the Combined Financial Statements

Combined Deficit

	December 31, 2019	December 31, 2020
Morphogen-IX deficit		
Ordinary shares	$ 13	$ 13
Additional paid-in capital	215	364
Accumulated other comprehensive income	589	629
Accumulated deficit	(5,590)	(9,225)
Total Morphogen-IX deficit	$ (4,773)	$ (8,219)
Z Factor deficit		
Ordinary shares	$ 11	$ 12
Additional paid-in capital	274	461
Accumulated other comprehensive income	181	139
Accumulated deficit	(4,587)	(8,568)
Total Z Factor deficit	$ (4,121)	$ (7,956)
LockBody deficit		
Ordinary shares	$ —	$ —
Additional paid-in capital	—	—
Accumulated other comprehensive income (loss)	41	(196)
Accumulated deficit	(3,004)	(6,052)
Total LockBody deficit	$ (2,963)	$ (6,248)
Total combined deficit	$(11,857)	$(22,423)

4. Commitments and Contingencies

Commitments

As of December 31, 2020, the Group had non-cancellable commitments for purchase of clinical materials, contract manufacturing, maintenance, and committed funding of up to $2.9 million, of which the Group expects to pay within one year. The amount and timing of these payments vary depending on the rate of progress of development. Future clinical trial expenses have not been included within the purchase commitments because they are contingent on enrollment in clinical trials and the activities required to be performed by the clinical sites.

Z Factor License Agreement

In 2015 and subsequently amended in 2017, Z Factor entered into an exclusive worldwide license agreement to further develop and commercialize, small molecule chaperones to correct the folding of Z-A1AT for the treatment of kidney and lung disease. The Group is solely responsible for, and is required to use commercially reasonable efforts to, research, develop, manufacture and commercialize the licensed technology, at its own costs. The Group is also responsible for supplying all active pharmaceutical ingredients and finished drug product for exploitation. The Group is obligated to make up to $0.5 million (£0.4 million at an exchange rate of 0.73) in payments upon the achievement of development and regulatory milestones. In addition, the Group is obligated to fund any patent related costs associated with the licensed technology. No expenses were incurred during the years ended December 31, 2019 and 2020 in connection to the license agreement.

Centessa Predecessor Group
Notes to the Combined Financial Statements

Morphogen-IX License Agreement

In 2015, Morphogen-IX entered into an exclusive worldwide license agreement to further develop and commercialize, the licensed technology for PAH. The Group is responsible for supplying all active pharmaceutical ingredients and finished drug product for exploitation. The Group is obligated to make up to $1.0 million (£0.8 million at an exchange rate of 0.73) in payments upon the achievement of development and regulatory milestones. The Group is also obligated to make future commercial milestone payments at low to mid-single digit royalty rates for net product sales and is subject to adjustment in the event the Group sublicenses the approved technology. In addition, the Group is obligated to pay an annual licensing fee and obligated to fund any patent related costs associated with the licensed technology. The Group incurred $12,769 and $12,838 in expenses related to the Morphogen-IX License Agreement for the years ended December 31, 2019 and 2020, respectively.

Contingencies

From time to time, the Group may have certain contingent liabilities that arise in the ordinary course of its business activities. The Group accrues a liability for such matters when it is probable that future expenditures will be made, and such expenditures can be reasonably estimated.

Litigation

The Group is not a party to any litigation as of December 31, 2019 and 2020.

5. Convertible Preferred Shares

Series A, Series B and Seed Series convertible preferred shares

During April and May 2019, Z Factor sold 666,662 shares of its Series A convertible preferred shares at a purchase price of $7.75 per share (£6.00 per share at an exchange rate of 0.77) in exchange for gross proceeds of $5.2 million (£4.0 million at an exchange rate of 0.77). Offering costs incurred were immaterial.

The Series A, Series B and Seed Series convertible preferred shares are subject to redemption under certain “deemed liquidation” events, as defined in each of the Centessa Predecessor Group entities’ articles of association. The Series A, Series B and Seed Series convertible preferred shares are classified outside of combined deficit as the deemed liquidation events are outside of the each of the Centessa Predecessor Group entities’ control.

Dividends

The holders of any of the convertible preferred shares are entitled to dividends if and when declared by each of the Centessa Predecessor Group entities’ board of directors. As of December 31, 2020, no dividends have been declared.

Voting

Each preferred share is entitled to a vote on an as-converted basis and certain significant Group events require majority approval from the preferred shareholders as a separate class.

Conversion

Each convertible preferred share is convertible, at the holder’s option, into such number of ordinary shares on a one-to-one basis and equal to the conversion price then in effect. The conversion price is subject to adjustments

for splits, dividends, distributions and other similar recapitalization events. Upon consummation of a qualified initial public offering of any of the Group entities' securities, the convertible preferred shares will automatically convert into ordinary shares.

Liquidation Preference

Upon the liquidation, sale, or merger of each of the Group entities (collectively, the Liquidation), the preferred shares are entitled to receive an amount equal to the original issuance price plus any unpaid declared dividends.

If there are additional available assets from the Liquidation after the initial liquidation payments, the remaining available assets will be distributed to the ordinary shareholders.

6. Convertible Term Notes

On July 31, 2019, LockBody entered into a convertible term note agreement to issue up to £5,000,000 of convertible term notes to certain parties (collectively the "Note Holders"). LockBody received $3.8 million (£3.0 million at an exchange rate of 0.78) on July 31, 2019 for the first tranche, and additional $1.3 million (£1.0 million at an exchange rate of 0.78) on November 25, 2020 for the second tranche. The convertible term notes had a stated interest rate of 2% per annum, which was not payable until settlement of the principal, being the maturity date of August 2, 2021.

The principal and accrued interest due under the convertible term notes converts:

- into the class of LockBody's shares issued in LockBody's next qualified fund raising, at a conversion price after applying a 20% discount to the purchase price per share paid for the shares.
- on a change of control, at a conversion price after applying a 50% discount to the purchase price per share paid for the shares.

As a result of the fact that the convertible term notes were convertible into a variable number of preferred shares, the Group evaluated the conversion provision as a redemption feature. The redemption feature was evaluated as an embedded derivative and bifurcated from the convertible term notes due to the substantial premium paid upon redemption and accounted for as a derivative instrument. Upon bifurcating the redemption feature, the Group recorded aggregate debt discounts of $0.7 million that is recognized in interest expense over the term of the convertible term notes.

For the years ended December 31, 2019 and 2020, the Group recognized $0.1 million and $0.3 million related to the amortization of the debt discount.

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The Group recognized the following changes related to the convertible term notes during the years ended December 31, 2019 and 2020 (in USD thousands):

Balance as of January 1, 2019	$ —
Issuance of convertible term notes (first tranche)	3,831
Allocation of note issuance proceeds to derivative	(500)
Amortization of debt discount	118
Accrued interest	32
Foreign currency translation adjustments	134
Balance as of December 31, 2019	3,615
Issuance of convertible term notes (second tranche)	1,284
Allocation of note issuance proceeds to derivative	(167)
Amortization of debt discount	310
Accrued interest	80
Foreign currency translation adjustments	217
Balance as of December 31, 2020	$5,339

7. Share-based Compensation

Z Factor and Morphogen-IX grant equity incentive shares, designated as B ordinary shares, to its employees, executives, and consultants and are purchased by the recipient for a nominal amount within one year from grant date. Generally, the awards vest 25% on the first anniversary of the grant date and ratably each quarter thereafter. Upon a change in control event or an initial public offering of the Z Factor and Morphogen-IX's ordinary shares, the B ordinary shares convert, on a 1:1 basis, into ordinary shares. Z Factor and Morphogen-IX account for B ordinary shares as restricted shares for share-based compensation purposes as the purchase price is nominal. Share-based compensation expense is recorded within research and development expenses within the Group's combined statement of operations and comprehensive loss. The Group recognized share-based compensation of $0.2 million and $0.3 million during the year ended December 31, 2019 and 2020, respectively.

The following table summarizes unvested B ordinary shares outstanding:

Outstanding at January 1, 2019	379,120
Granted	54,045
Vested	(171,866)
Outstanding at December 31, 2019	261,299
Granted	81,945
Vested	(127,613)
Outstanding at December 31, 2020	215,631

The weighted-average grant date fair value of B ordinary shares granted was $2.66 and $6.47 per share for the years ended December 31, 2019 and 2020, respectively. As of December 31, 2020, the total unrecognized compensation expense related to B ordinary shares was $0.7 million, which the Group expects to recognize over a weighted-average period of 2-3 years.

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Notes to the Combined Financial Statements

8. Fair Value Measurement

The following table presents information about the Group's assets and liabilities as of December 31, 2019 and 2020 that are measured at fair value on a recurring basis and indicates the level of the fair value hierarchy utilized to determine such fair values (in USD thousands):

	Fair Value Measurement at December 31, 2019 using			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Derivative liability	$ —	$ —	$ 519	$519

	Fair Value Measurement at December 31, 2020 using			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Derivative liability	$ —	$ —	$ 913	$913

The derivative liability was considered a Level 3 liability because its fair value measurement was based, in part, on significant inputs not observed in the market. The fair value of the derivative was estimated primarily on the probability of the Group's next fund raising occurring and the timing of such event.

The Group recognized the following changes in the fair value of the derivative liability during the years ended December 31, 2019 and 2020 (in USD thousands):

Balance as of January 1, 2019	$—
Allocation of note issuance proceeds to derivative	500
Foreign currency translation adjustment	19
Balance as of December 31, 2019	519
Allocation of note issuance proceeds to derivative	167
Change in fair value of derivative liability	186
Foreign currency translation adjustment	41
Balance as of December 31, 2020	$913

9. Income Taxes

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities were as follows (in USD thousands):

	December 31,	
	2019	2020
Deferred tax assets/(liabilities):		
Deferred tax assets	1,133	2,355
Deferred tax liabilities	(97)	(16)
Less: valuation allowance	(1,036)	(2,339)
Net deferred tax asset	$ —	$ —

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In assessing the need for a valuation allowance, management must determine that there will be sufficient taxable income to allow for the realization of deferred tax assets. Based upon the historical and anticipated future losses, management has determined that the deferred tax assets do not meet the more-likely-than-not threshold for realizability. Accordingly, a full valuation allowance has been recorded against the Group's net deferred tax assets as of December 31, 2020 and 2019. The valuation allowance increased by $0.4 million and $1.3 million during the years ended December 31, 2019 and 2020.

A reconciliation of the United Kingdom income tax rate to the Company's effective tax rate is as follows:

	Year Ended December 31,	
	2019	2020
Statutory tax rate benefit	19%	19%
Non-deductible expenses	(1)%	(1)%
Enhanced research and development expenses	19%	15%
Losses surrendered for tax incentive	(33)%	(28)%
Non-taxable research and development incentive	5%	4%
Change in tax rate	(1)%	1%
Change in valuation allowance	(8)%	(11)%
Effective income tax rate	— %	— %

The following table summarizes carryforwards of federal and local net operating losses (NOL) and research tax credits (in USD thousands):

	December 31,	
	2019	2020
UK	$ 6,666	$12,393

The Company will recognize interest and penalties related to uncertain tax positions as a component of income tax expense. As of December 31, 2020, the Group had no accrued interest or penalties related to uncertain tax positions and no amounts have been recognized in the Group's statements of operations and comprehensive loss. Due to NOL and tax credit carry forwards that remain unutilized, income tax returns for tax years from 2019 and 2020 remain subject to examination by the taxing jurisdictions. The NOL carryforwards remain subject to review until utilized.

10. Related Party Transactions

Term loans

The Group entered into term loan agreements which had the following balances outstanding (in USD thousands):

	December 31,	
	2019	2020
Ultrahuman Eleven	$272	$ —
Ultrahuman Ten	136	144
Ultrahuman Nine	136	144
Total term loans	$544	$288

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The term loans have a stated interest rate of 2% per annum above the Bank of England official rate and the outstanding balances are repayable on demand of the lenders. The Bank of England official rate was 0.75% and 0.10% at December 31, 2019 and 2020, respectively.

The outstanding balance of the term loan with Ultrahuman Eleven was forfeited by the lender in February 2020, from which a gain on extinguishment of debt of $264,000 is recognized in the combined statements of operations and comprehensive loss.

In July 2020, the Group entered into a term loan agreement with Ultrahuman Seven that was forfeited by the lender in September 2020, resulting in a gain on extinguishment of debt of $77,000 recognized in the combined statement of operations and comprehensive loss.

Ultrahuman group of companies which includes Ultrahuman Limited, Ultrahuman Seven, Ultrahuman Nine, Ultrahuman Ten and Ultrahuman Eleven have common ownership with the Group.

Support service agreement with Ultrahuman services

In April 2017, the Group entered into a Support Service Agreement with Ultrahuman Limited. Ultrahuman Limited provides scientific and operational consultancy services and other support services.

Costs incurred associated with this contract were $153,000 and $679,000 for the years ended December 31, 2019 and 2020, respectively, which has been recorded within research and development expenses in the combined statements of operations and comprehensive loss.

Master services agreements with The Cambridge Partnership Limited

In May and June 2018, the Group entered into Master Services agreements with The Cambridge Partnership Limited for accounting and administrative services. Costs incurred associated with these contracts were $94,000 and $117,000 for the years ended December 31, 2019 and 2020, respectively, which has been recorded within general and administrative expenses in the combined statements of operations and comprehensive loss.

David Grainger is a director and shareholder of The Cambridge Partnership and was a director of Z Factor and Morphogen-IX until he resigned on January 29, 2021.

Master services agreements with The Foundry (Cambridge) Limited

In May and June 2018, the Group entered into Master Services agreements with The Foundry (Cambridge) Limited. Costs incurred associated with these contracts were $51,000 and $46,000 for the years ended December 31, 2019 and 2020, respectively, which has been recorded within research and development expenses in the combined statements of operations and comprehensive loss.

David Grainger is a director and shareholder of The Foundry (Cambridge) Limited and was a director of Z Factor and Morphogen-IX until he resigned on January 29, 2021.

Master Services agreements with RxCelerate Limited

In March and December 2015, the Group entered into Master Services agreements with RxCelerate Limited to provide drug discovery services. Costs incurred associated with this contract were $2.2 million and $2.7 million for the years ended December 31, 2019 and 2020, respectively, which has been recorded within research and development expenses in the combined statements of operations and comprehensive loss.

Centessa Predecessor Group
Notes to the Combined Financial Statements

David Grainger is a director and shareholder of RxCelerate Limited and was a director of Z Factor and Morphogen-IX until he resigned on January 29, 2021.

Master Services agreements with RxBiologics Limited

In February 2020, LockBody entered into Master Services agreements with RxBiologics Limited to provide biologics drug discovery services. Costs incurred associated with this contract were $0.2 million for the year ended December 31, 2020, which has been recorded within research and development expenses in the combined statements of operations and comprehensive loss.

William Finlay is a director and shareholder of RxBiologics Limited and was a director of LockBody until he resigned on January 29, 2021.

11. Subsequent Events

In January 2021, the outstanding principal and accrued interest for the LockBody convertible term notes (Note 6) were forfeited by the Note Holders.

The Group has evaluated subsequent events from the balance sheet date through March 12, 2021, the issuance date of these combined financial statements and has not identified any requiring disclosure except as noted above.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors
Palladio Biosciences, Inc.
Horsham, Pennsylvania

We have audited the accompanying financial statements of Palladio Biosciences, Inc., which comprise the balance sheets as of December 31, 2019 and 2020, and the related statements of operations, convertible preferred shares and shareholders' deficit, and cash flows for the nine months ended December 31, 2019 and the year ended December 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Palladio Biosciences, Inc. as of December 31, 2019 and 2020, and the results of its operations and its cash flows for the nine months ended December 31, 2019 and the year ended December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

/s/ Frazier & Deeter, LLC
Tampa, Florida
March 12, 2021

Palladio Biosciences, Inc.
Balance Sheets

(in thousands, except share data)	December 31, 2019	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 6,993	$ 15,436
Subscription receivable	—	2,975
Prepaid expenses and other current assets	245	226
Total current assets	7,238	18,637
Other assets	—	203
Total assets	$ 7,238	$ 18,840
Liabilities, convertible preferred shares and shareholders' deficit		
Current liabilities:		
Accounts payable	$ 1,232	$ 192
Accrued expenses and other current liabilities	440	1,694
Total current liabilities	1,672	1,886
Convertible debt, net of discount	13,701	—
Derivative liability	3,261	—
Total liabilities	18,634	1,886
Commitments and Contingencies (note 7)		
Convertible preferred shares, $0.00001 par value:		
Series A convertible preferred shares: 5,009,185 shares authorized, issued and outstanding (liquidation value of $7,514 at December 31, 2020)	4,982	4,982
Series B convertible preferred shares: 18,684,738 shares authorized, issued and outstanding at December 31, 2020. No shares authorized issued or outstanding at December 31, 2019 (liquidation value of $61,660 at December 31, 2020)	—	40,962
Total convertible preferred shares	4,982	45,944
Shareholders' deficit:		
Common shares, $0.00001 par value: 34,000,000 shares authorized; 4,180,340 shares issued and outstanding	—	—
Additional paid - in capital	1,121	1,416
Accumulated deficit	(17,499)	(30,406)
Total shareholders' deficit	(16,378)	(28,990)
Total liabilities, convertible preferred shares and shareholders' deficit	$ 7,238	$ 18,840

See accompanying notes to audited financial statements.

Palladio Biosciences, Inc.
Statements of Operations

(in thousands)	Nine Months Ended December 31, 2019	Year Ended December 31, 2020
Operating expenses:		
Research and development	$ 5,557	$ 5,449
General and administrative	1,353	3,223
Loss from operations	(6,910)	(8,672)
Change in fair value of derivative liability	—	(967)
Amortization of debt discount	(1,072)	(2,386)
Interest expense, net	(408)	(882)
Net loss	$ (8,390)	$ (12,907)

See accompanying notes to audited financial statements.

Palladio Biosciences, Inc.
Statements of Convertible Preferred Shares and Shareholders' Deficit
(in thousands, except share data)

	Convertible preferred shares				Shareholders' deficit				
	Series A		Series B		Common		Additional	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	paid-in capital	deficit	Total
Balance at April 1, 2019	5,009,185	$4,982	—	$ —	4,180,340	$ —	$ 1,021	$ (9,109)	$ (8,088)
Share-based compensation expense	—	—	—	—	—	—	100	—	100
Net loss	—	—	—	—	—	—	—	(8,390)	(8,390)
Balance at December 31, 2019	5,009,185	4,982	—	—	4,180,340	—	1,121	(17,499)	(16,378)
Sale of Series B convertible preferred shares, net of issuance costs of $144	—	—	8,409,088	18,356	—	—	—	—	—
Issuance of Series B convertible preferred shares upon settlement of promissory notes and derivative liability	—	—	10,275,650	22,606	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	—	295	—	295
Net loss	—	—	—	—	—	—	—	(12,907)	(12,907)
Balance at December 31, 2020	5,009,185	$4,982	18,684,738	$40,962	4,180,340	$ —	$ 1,416	$ (30,406)	$(28,990)

See accompanying notes to audited financial statements.

Palladio Biosciences, Inc.
Statements of Cash Flows

(in thousands)	Nine Months Ended December 31, 2019	Year Ended December 31, 2020
Cash flows from operating activities:		
Net loss	$ (8,390)	$ (12,907)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in fair value of derivative liability	—	967
Amortization of debt discount	1,072	2,386
Noncash interest expense	433	901
Share-based compensation	100	295
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(158)	19
Accounts payable	1,232	(1,040)
Accrued expenses and other current liabilities	229	1,051
Net cash used in operating activities	(5,482)	(8,328)
Cash flows from financing activities:		
Proceeds from issuance of convertible debt, net of issuance costs	11,959	1,390
Proceeds from the sale of Series B convertible preferred shares, net of offering costs	—	15,381
Net cash provided by financing activities	11,959	16,771
Net increase in cash and cash equivalents	6,477	8,443
Cash and cash equivalents at beginning of period	516	6,993
Cash and cash equivalents at end of period	$ 6,993	$ 15,436
Supplemental disclosure of non-cash investing and financing activities:		
Issuance of Series B convertible preferred shares subscription receivable	$ —	$ 2,975
Deferred financing costs in accrued expenses and other current liabilities	$ —	$ 203
Issuance of Series B convertible preferred shares upon settlement of promissory notes and derivative liability	$ —	$ 22,606

See accompanying notes to audited financial statements.

Palladio Biosciences, Inc.

Notes to the Financial Statements

1. Nature of Operations

Palladio Biosciences, Inc. (the Company), a Delaware corporation incorporated in August 2015, is a clinical stage pharmaceutical company developing medicines for orphan diseases of the kidney. The Company's lead product candidate, lixivaptan, is a potential treatment for autosomal dominant polycystic kidney disease (ADPKD), an orphan kidney disease for which there are limited treatments. The Company is preparing for its phase three clinical trial.

In 2019, the Company approved a change in its fiscal year end from March 31 to December 31. The accompanying statement of operations, cash flows and convertible preferred stock and shareholders' deficit are comprised of the nine months ended December 31, 2019 to reflect the change in the Company's fiscal year end.

2. Risks and Liquidity

The Company is subject to risks common to other life science companies in the early development stage including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, development by its competitors of new technological innovations, dependence on key personnel, market acceptance of products, product liability, protection of proprietary technology, ability to raise additional financing and compliance with government regulations, in the markets in which the Company is seeking approvals, including U.S. Food and Drug Administration ("FDA") regulations. If the Company does not successfully advance its programs into and through human clinical trials and/or enter into collaborations for its programs and commercialize any of its product candidates, it may be unable to produce product revenue or achieve profitability.

The Company has incurred recurring losses and negative cash flows from operations since inception and had an accumulated deficit of $30.4 million as of December 31, 2020. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of its product candidates currently in development. Substantial additional capital will be needed by the Company to fund its operations and to develop its product candidates. In January 2021, Centessa Pharmaceuticals Limited, or Centessa, acquired 100% of the equity interests of eleven biotechnology companies, including the Company, in exchange for ordinary shares of Centessa. Concurrent with the acquisition, Centessa completed a Series A preferred equity financing, whereby Centessa received gross proceeds of $250.0 million comprised of $245.0 million in proceeds from the sale of its Series A preferred shares and the conversion of $5.0 million in convertible debt. As the Company became a wholly owned subsidiary of Centessa, future funding of the Company's operations is expected to be funded from Centessa's cash resources.

The Company's operations have consisted primarily of organizing the Company, securing financing, developing licensed technology, performing research, conducting preclinical studies and conducting clinical trials. The Company faces risks associated with early-stage biotechnology companies whose product candidates are in development. Product candidates currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing, establishing manufacturing capacity and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital for the Company to complete its research and development, achieve its research and development objectives, defend its intellectual property rights, and recruit and retain skilled personnel, and key members of management. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales.

The Company expects that its cash and cash equivalents as of December 31, 2020, and the proceeds received by Centessa from its Series A financing, will be sufficient to fund operations for at least the next twelve months from the date these financial statements were made available for issuance.

Global Pandemic – COVID-19

On March 10, 2020, the World Health Organization characterized the novel COVID-19 virus as a global pandemic. The Company is continuing to proactively monitor and assess COVID-19, global pandemic. Since early March 2020 the Company has activated a management team taskforce to assess the potential impact on its business that may result from this rapidly evolving crisis and to avoid any unnecessary potential delays to the Company's programs. At this time, the lead programs and research activities remain on track. The safety and well-being of employees, patients and partners is the Company's highest priority. At the current time, the Company is unable to quantify the potential effects of this pandemic on its future operations.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) promulgated by the Financial Accounting Standards Board (FASB). In the opinion of management, the accompanying financial statements include all normal and recurring adjustments, which consist primarily of accruals, estimates and assumptions that are considered necessary to present fairly the Company's financial position as of December 31, 2019 and 2020 and its results of operations and cash flows for the nine months ended December 31, 2019 and the year ended December 31, 2020.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Estimates and assumptions are periodically reviewed and the effects of the revisions are reflected in the accompanying financial statements in the period they are determined to be necessary. Significant areas that required management's estimates included the fair value of the Company's redemption feature derivative liability, share based compensation and its common stock.

Fair Value of Financial Instruments

Management believes that the carrying amounts of the Company's financial instruments, including cash equivalents, subscription receivable, prepaid expenses, accrued expenses, and accounts payable, approximate fair value due to the short-term nature of those instruments. The redemption feature derivative liability and common stock were recorded at its estimated fair value.

Concentration of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash and cash equivalents.

Cash and cash equivalents

The Company considers all highly liquid investments that have maturities of three months or less when acquired to be cash equivalents.

Deferred Financing Costs

The Company capitalizes costs that are directly associated with in-process equity financings until such financings are consummated, at which time such costs are recorded against the gross proceeds from the applicable financing. If a financing is abandoned, deferred financing costs are expensed. Financing costs are expensed immediately if the financial instrument is recorded at its estimated fair value and subject to remeasurement. As of December 31, 2020, there were $0.2 million of deferred financing costs within the Company's balance sheet.

Share-based compensation

The Company measures share-based awards at their grant-date fair value and records compensation expense on a straight-line basis over the vesting period of the awards.

Estimating the fair value of share-based awards requires the input of subjective assumptions, including the estimated fair value of the Company's common stock, and, for stock options, the expected life of the options and stock price volatility. The Company accounts for forfeitures of stock option awards as they occur. The Company uses the Black-Scholes option pricing model to value its stock option awards. The assumptions used in estimating the fair value of share-based awards represent management's estimate and involve inherent uncertainties and the application of management's judgment. As a result, if factors change and management uses different assumptions, share-based compensation expense could be materially different for future awards.

The expected life of the stock options is estimated using the "simplified method," as the Company has limited historical information from which to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior for its stock option grants. The simplified method is the midpoint between the vesting period and the contractual term of the option. For stock price volatility, the Company uses comparable public companies as a basis for its expected volatility to calculate the fair value of option grants. The risk-free rate is based on the U.S. Treasury yield curve commensurate with the expected life of the option.

Research and Development

Research and development costs are expensed as incurred and consist primarily of funds paid to third parties for the provision of services for product candidate development, clinical and preclinical development and related supply and manufacturing costs, and regulatory compliance costs. The Company accrues and expenses preclinical studies and clinical trial activities performed by third parties based upon estimates of the proportion of work completed over the term of the individual trial and patient enrollment rates in accordance with agreements with clinical research organizations and clinical trial sites. The Company determines the estimates by reviewing contracts, vendor agreements and purchase orders, and through discussions with internal clinical personnel and external service providers as to the progress or stage of completion of trials or services and the agreed-upon fee to be paid for such services. However, actual costs and timing of clinical trials are highly uncertain, subject to risks and may change depending upon a number of factors, including the Company's clinical development plan.

Management makes estimates of the Company's accrued expenses as of each balance sheet date in the Company's financial statements based on facts and circumstances known to the Company at that time. If the actual timing of the performance of services or the level of effort varies from the estimate, the Company will adjust the accrual accordingly. Nonrefundable advance payments for goods and services, including fees for process development or manufacturing and distribution of clinical supplies that will be used in future research and development activities, are deferred and recognized as expense in the period that the related goods are consumed or services are performed.

Income Taxes

Income taxes are accounted for under the asset-and-liability method as required by FASB ASC Topic 740, *Income Taxes* (ASC 740). 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 corresponding to the enactment date. Under ASC 740, a valuation allowance is required when it is more likely than not all or some portion of the deferred tax assets will not be realized through generating sufficient future taxable income.

FASB ASC Subtopic 740-10, *Accounting for Uncertainty of Income Taxes*, (ASC 740-10) defines the criterion an individual tax position must meet for any part of the benefit of the tax position to be recognized in financial statements prepared in conformity with GAAP. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not such tax position will be sustained on examination by the taxing authorities, based solely on the technical merits of the respective tax position. The tax benefits recognized in the financial statements from such a tax position should be measured based on the largest benefit having a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority. In accordance with the disclosure requirements of ASC 740-10, the Company's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of total interest expense and other expense, respectively.

JOBS Act Accounting Election

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) 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.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires a lessee to record a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. As the Company has elected to use the extended transition period for complying with new or revised accounting standards as available under the Jobs Act, the standard is effective for the Company beginning January 1, 2022, with early adoption permitted. The Company is currently evaluating the expected impact that the standard could have on its financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020-06, "(Subtopic 470-20): *Debt—Debt with Conversion and Other Options*" ("ASU 2020-06") to address the complexity associated with applying GAAP to certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 includes amendments to the guidance on convertible instruments and the derivative scope exception for contracts in an entity's own equity and simplifies the accounting for convertible instruments which include beneficial conversion features or cash conversion features by removing certain separation models in Subtopic 470-20. Additionally, ASU 2020-06 will require entities to use the "if-converted" method when calculating diluted earnings per share for convertible instruments. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023 (fiscal year 2024 for the Company), including interim periods within those fiscal years. The Company is currently evaluating the impact that the standard could have on its financial statements and related disclosures.

4. Fair Value of Financial Instruments

Fair value is the price that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value determination in accordance with applicable accounting guidance requires that a number of significant judgments be made. Additionally, fair value is used on a nonrecurring basis to evaluate assets for impairment or as required for disclosure purposes by applicable accounting guidance on disclosures about fair value of financial instruments. Depending on the nature of the assets and liabilities, various valuation techniques and assumptions are used when estimating fair value. The carrying amounts of certain of the Company's financial instruments, including prepaid expense and accounts payable are shown at cost, which approximates fair value due to the short-term nature of these instruments. The Company follows the provisions of FASB ASC Topic 820, *Fair Value Measurement*, for financial assets and liabilities measured on a recurring basis. The guidance requires fair value measurements be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liabilities.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following fair value hierarchy table presents information about the Company's assets measured at fair value on a recurring basis:

	Fair value measurement at reporting date using		
(in thousands)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2019:			
Liabilities			
Derivative Liability	$ —	$ —	$ 3,261

The Company evaluated a redemption feature within the convertible promissory notes issued from 2018 through 2020 and determined bifurcation of the redemption feature was required. The redemption feature is classified as a liability on the accompanying balance sheet at December 31, 2019. The liability is marked-to-market each reporting period with the changes in fair value recorded in the accompanying statements of operations until it was settled in September 2020. The fair value of the derivative was determined based on an income approach that identified the cash flows using a "with-and-without" valuation methodology. The inputs used to determine the estimated fair value of the derivative instrument were based primarily on the probability of an underlying event triggering the embedded derivative occurring and the timing of such event, until the convertible promissory notes were converted into shares of Series B convertible preferred stock in September 2020 and the redemption feature was settled.

The reconciliation of the redemption feature of convertible promissory notes and preferred stock warrant liability measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows (amounts in thousands):

(in thousands)	
Balance at April 1, 2019	$ 652
Additions	2,609
Change in fair value	—
Balance at December 31, 2019	3,261
Additions	395
Change in fair value	967
Settlement upon issuance of Series B convertible preferred shares	(4,623)
Balance at December 31, 2020	$ —

5. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	December 31, 2019	December 31, 2020
Professional fees	$ 23	$ 300
Compensation and related benefits	309	880
Research and development	108	514
	$ 440	$ 1,694

6. Convertible Debt

From August 2018 through July 2020, the Company issued convertible promissory notes and received aggregate proceeds of $16.5 million. The notes accrued simple interest of 8% per annum and, if not converted, would have matured on various dates ranging from December 2020 to December 2021. Upon the completion of a qualified financing event, the outstanding principal and interest automatically converted into the shares issued in connection with the financing event and at 75%-80% of the subscription price. In the event of a change in control prior to conversion or maturity, the notes were entitled to receive three times their initial investment. The Company completed a qualified financing in September 2020 and issued 10,275,650 shares of Series B convertible preferred stock in exchange for the outstanding principal and interest of $16.5 million and $1.5 million, respectively.

As a result of the fact that the promissory notes were convertible into a variable number of shares of preferred stock, the Company evaluated the conversion provision as a feature. The redemption feature was evaluated as an embedded derivative and bifurcated from the convertible promissory notes due to the substantial premium paid upon redemption and accounted for as a derivative instrument. Upon bifurcating the redemption feature, the Company recorded aggregate debt discounts of $3.8 million that was recognized in interest expense over the term of the convertible promissory notes.

For the nine months ended December 31, 2019 and for the year ended December 31, 2020, the Company incurred debt issuance costs of $41,000 and $0.1 million, respectively and were recorded as debt discounts. The debt discounts were being amortized into interest expense over the term of the convertible promissory notes using the effective interest method. For the nine months ended December 31, 2019 and the year ended December 31, 2020, the Company recognized interest expense of $0.4 million and $0.9 million and $1.1 million and $2.4 million of amortization expense of the debt discount, respectively.

Changes in convertible debt were as follows:

(in thousands)	
Balance at April 1, 2019	$ 2,846
Borrowings, net of debt discount	9,350
Accrued interest	433
Amortization of debt discount	1,072
Balance at December 31, 2019	13,701
Borrowings, net of debt discount	995
Accrued interest	901
Amortization of debt discount	2,386
Settlement upon issuance of Series B preferred stock	(17,983)
Balance at December 31, 2020	$ —

7. Commitments and Contingencies

Amended and Restated Lixivaptan License Agreement

Prior to April 1, 2019, the Company entered into an exclusive worldwide license agreement to further develop and commercialize Lixivaptan, a nonpeptide selective vasopressin V2 receptor antagonist for the treatment of ADPKD. In relation to the purchase of the license, the Company is obligated to make certain contingent consideration payments to the seller in the event a Licensed Product is commercialized. Such payments are structured as a tiered percentage of net sales and capped at $32.5 million. The Company is obligated to make up to $16.3 million in commercial milestone payments. In addition, the Company is obligated to make future royalty payments (the first $19.0 million of which would be due to Pfizer) at low to mid single digit royalty rates for net product sales and is subject to adjustment in the event the Company sublicenses the approved technology. The Company incurred no expense during the nine months ended December 31, 2019 and the year ended December 31, 2020 in connection to the license agreement.

Operating Leases

The Company leases office space in Horsham, Pennsylvania under a noncancelable lease, as amended. The lease is classified as an operating lease and the Company recognizes rent expense on a straight-line basis over the lease term and expires in October 2022. The future minimum lease payments under the Company's lease arrangement as of December 31, 2020 are $68,000 and $57,000 in 2021 and 2022, respectively. The Company recognized rent expense of $26,000 and $52,000 during the nine months ended December 31, 2019 and the year ended December 31, 2020, respectively, related to its operating leases.

Employment Agreements

The Company has entered into employment agreements with key personnel providing for compensation and severance in certain circumstances, as described in the respective employment agreements.

Employment benefit plan

The Company maintains a defined contribution 401(k) plan in which employees may contribute up to 100% of their salary and bonus, subject to statutory maximum contribution amounts. The Company contributes a safe harbor minimum contribution equivalent to 3% of employees' compensation. The Company generally assumes all administrative costs of the plan. For the nine months ended December 31, 2019 and the year ended December 31, 2020, the expense relating to the contributions made was $1,000 and $37,000, respectively.

Litigation

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. There are no matters currently outstanding.

8. Convertible Preferred Shares and Common Shares

Common shares

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's shareholders. Subject to the rights of holders of convertible preferred shares, common shareholders are entitled to receive dividends, as may be declared by the board of directors, if any. No dividends had been declared through December 31, 2020.

Convertible preferred shares

The Company has Series A and Series B convertible preferred shares, which are classified outside of shareholders' deficit because the shares contain deemed liquidation rights that are contingent redemption features not solely within the control of the Company. During the year ended December 31, 2020, the Company issued an aggregate of 18,684,738 shares of Series B preferred at a purchase price of $2.20 per share, including the issuance of 10,275,650 shares of Series B preferred upon the conversion of outstanding convertible promissory notes. The Company received $18.4 million in net proceeds from the sale of Series B preferred shares of which $3.0 million was received in January 2021.

Dividends

The holders of Series A and Series B preferred shares, in preference to holders of any other class or series of the Company's shares, are entitled to a non-cumulative 8% dividend, if and when declared by the Company's board of directors. In the event a dividend is declared to common shareholders, holders of Series A and Series B preferred shares will also receive an equivalent dividend on an "as-converted" basis. No dividends were declared or paid during the nine months ended December 31, 2019 and the year ended December 31, 2020.

Voting

The holders of Series A and Series B preferred shares are entitled to one vote for each share of common stock into which their shares of preferred shares may be converted and, subject to certain preferred share class votes specified in the Company's certificate of incorporation or as required by law, the holders of the preferred shares and common share vote together on an as-converted basis.

Liquidation preference

In the event of a liquidation, dissolution or winding up of the Company, either voluntary or involuntary, or in the event of a deemed liquidation event, which includes a sale of the Company as defined in the Company's articles of incorporation, holders of Series B preferred shares are entitled to receive, in preference to all other shareholders, an amount equal to the greater of (i) one and one half times the applicable original issuance price plus any declared and unpaid dividends and (ii) such amount that would have been payable had the preferred shares been converted into common shares immediately prior to the liquidation event. If upon the occurrence of such event, the assets and funds available for distribution are insufficient to pay such holders the full amount to which they are entitled, then the entire assets and funds legally available for distribution shall be distributed ratably among the holders of the Series B preferred shares in proportion to the full amounts to which they would otherwise be entitled.

After payment in full of the liquidation preference of the Series B preferred shares, holders of Series A preferred shares are entitled to receive, in preference to all holders of common shares, an amount equal to the greater of (i) one and one half times the applicable original issuance price plus any declared and unpaid dividends and (ii) such amount that would have been payable had the preferred shares been converted into common shares immediately prior to the liquidation event. If upon the occurrence of such event, the assets and funds available for distribution are insufficient to pay such holders the full amount to which they are entitled, then the entire remaining assets and funds legally available for distribution shall be distributed ratably among the holders of the Series A preferred shares in proportion to the full amounts to which they would otherwise be entitled.

After payment of the liquidation preference on shares of Series A and Series B preferred shares has been made, any remaining assets shall be distributed ratably to the holders of common shares.

Conversion

Each share of Series A and Series B preferred shares is convertible into common shares at any time at the option of the holder thereof at the conversion price then in effect. All shares of Series A and Series B preferred shares are convertible into common shares at the affirmative election of the holders of at least a majority of the outstanding shares of preferred stock at the conversion price then in effect. The conversion price for the Series A preferred stock and Series B preferred stock are $1.00 and $2.20 per share, respectively (each subject to adjustments upon the occurrence of certain dilutive events).

The Company may at any time require the conversion of all outstanding preferred stock upon an initial public offering of its common stock with a public offering price of at least $6.60 per share and aggregate gross proceeds of at least $50.0 million. Upon any automatic conversion, any declared and unpaid dividends shall be payable to the holders of preferred stock.

9. Share-Based Compensation

Equity Incentive Plan

The Company has the 2016 Equity Incentive Plan, as amended (the 2016 Plan), whereby the total number of shares authorized under the 2016 Plan as of December 31, 2020 was 4,918,989 of which no shares were available for future grants as of December 31, 2020. The Plan provides for the granting of common stock, incentive stock options, nonqualified stock options, restricted stock awards, and/or stock appreciation rights to employees, directors, and other persons, as determined by the Company's board of directors. The Company's stock options vest based on the terms in each award agreement, generally over four-year periods, and have a contractual term of ten years.

The Company measures share-based awards at their grant-date fair value and records compensation expense on a straight-line basis over the vesting period of the awards. The Company recorded share-based compensation expense in the following expense categories in its accompanying statements of operations:

(in thousands)	Nine Months Ended December 31, 2019	Year Ended December 31, 2020
Research and development	$ 37	$ 59
General and administrative	63	236
	$ 100	$ 295

The following table summarizes stock option activity for the year ended December 31, 2020:

	Number of shares	Weighted average exercise price per share	Weighted average remaining contractual term (years)
Outstanding at April 1, 2019	1,032,529	$ 0.34	
Granted	103,255	$ 0.46	
Outstanding at December 31, 2019	1,135,784	$ 0.36	
Granted	3,783,205	$ 0.51	
Outstanding at December 31, 2020	4,918,989	$ 0.47	9.2
Exercisable at December 31, 2020	1,415,183	$ 0.39	8.0
Vested or expected to vest at December 31, 2020	4,918,989	$ 0.47	9.2

The weighted-average grant date fair value of options granted was $0.32 and $0.34 per share for the nine months ended December 31, 2019 and the year ended December 31, 2020, respectively. As of December 31, 2020, the total unrecognized compensation expense related to unvested stock option awards was $1.2 million, which the Company expects to recognize over a weighted-average period of 3.3 years.

The fair value of each option was estimated on the date of grant using the weighted average assumptions in the table below:

	Nine Months Ended December 31, 2019	Year Ended December 31, 2020
Expected volatility	77.6%	77.1%
Risk-free interest rate	1.90%	0.40%
Expected term	6.25	6.25
Expected dividend yield	—	—

Founder Shares

In July 2016, the Company granted 3,261,388 shares of restricted stock to a founder. Pursuant to the restricted stock agreement, 75% of the shares vested immediately and the remaining 25% vested on the third anniversary from the grant date. Upon termination of services by the founder prior to the third anniversary, the shares were subject to repurchase, at the Company's option for a nominal amount. During the nine months ended December 31, 2019, the Company recognized stock-based compensation expense of $48,000 and the shares were no longer subject to repurchase.

10. Income Taxes

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities were as follows:

	December 31,	
(in thousands)	2019	2020
Deferred tax assets:		
Deferred compensation	$ 34	$ 119
Amortization	226	77
Amortization of capitalized research and development	1,487	2,979
Other	3	134
Accrued compensation	73	251
Net operating losses and research and development credits	3,200	4,515
Gross deferred tax assets	5,023	8,075
Less: valuation allowance	(5,023)	(8,075)
	$ —	$ —

The valuation allowance recorded by the Company as of December 31, 2019 and 2020 resulted from the uncertainties of the future utilization of deferred tax assets relating from net operating losses, or NOLs, carry forwards for federal and state income tax purposes. Realization of the NOL carry forwards is contingent on future taxable earnings. The deferred tax asset was reviewed for expected utilization using a "more likely than not" approach by assessing the available positive and negative evidence surrounding its recoverability. Accordingly, a full valuation allowance continues to be recorded against the Company's deferred tax asset, as it was determined based upon past and projected future losses that it was "more likely than not" that the

Company's deferred tax assets would not be realized. In future years, if the deferred tax assets are determined by management to be "more likely than not" to be realized, the recognized tax benefits relating to the reversal of the valuation allowance will be recorded. The Company will continue to assess and evaluate strategies that will enable the deferred tax asset, or portion thereof, to be utilized, and will reduce the valuation allowance appropriately as such time when it is determined that the "more likely than not" criteria is satisfied.

A reconciliation of the federal income tax rate to the Company's effective tax rate is as follows:

	Nine Months Ended December 31, 2019	Year Ended December 31, 2020
Federal tax benefit at statutory rate	(21.0)%	(21.0)%
Permanent differences	5.6	9.4
Research and development, including prior year true-up	(8.7)	(7.6)
State taxes, net of federal benefit	(5.8)	(4.4)
Change in valuation allowance	29.9	23.6
Effective tax rate	— %	— %

The federal net operating loss carryforwards and research and development credit carryforward begin to expire in 2036. State net operating loss carryforwards begin to expire in 2036. Due to the change in ownership provisions of the Internal Revenue Code, the availability of the Company's net operating loss carry forwards could be subject to annual limitations against taxable income in future periods, which could substantially limit the eventual utilization of such carry forwards. The Company has not analyzed the historical or potential impact of its equity financings on beneficial ownership and therefore no determination has been made whether the net operating loss carry forward is subject to any Internal Revenue Code Section 382 limitation. To the extent there is a limitation, there could be a reduction in the deferred tax asset with an offsetting reduction in the valuation allowance.

Tax positions taken or expected to be taken in the course of preparing the Company's tax returns are required to be evaluated to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet a more-likely-than-not threshold, as well as accrued interest and penalties, if any, would be recorded as a interest and penalties expense in the current year. There were no uncertain tax positions that require accrual or disclosure to the financial statements as of December 31, 2019 and 2020.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. We continue to examine the impact of the CARES Act. Currently, we are unable to determine the impact, if any, that the CARES Act will have on our business, financial condition or results of operations.

11. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 12, 2021, the date at which the financial statements were available to be issued, and determine that there are no other items to disclose.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors
ApcinteX Limited
London, United Kingdom

We have audited the accompanying financial statements of ApcinteX Limited, which comprise the balance sheets as of December 31, 2019 and 2020, and the related statements of operations and comprehensive loss, convertible preferred shares and shareholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ApcinteX Limited as of December 31, 2019 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Frazier & Deeter, LLC
Tampa, Florida
March 12, 2021

ApcinteX Limited
Balance Sheets
(All amounts presented in USD thousands, except shares data)

	December 31, 2019	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 3,752	$ 15,124
Tax incentive receivable	2,017	1,004
Prepaid expenses and other current assets	131	109
Total current assets	5,900	16,237
Non-current tax incentive receivable	486	355
Total assets	$ 6,386	$ 16,592
Liabilities, Convertible Preferred Shares and Shareholders' Deficit		
Current liabilities:		
Accounts payable	$ 225	$ 560
Accrued expenses and other current liabilities	187	50
Total liabilities and current liabilities	412	610
Commitments and contingencies (Note 4)		
Convertible preferred shares (£0.0001 nominal value):		
Series A preferred shares: 2,357,265 shares issued and outstanding (liquidation value of $20,161 at December 31, 2020)	19,102	19,102
Series B preferred shares: no shares and 508,147 shares issued and outstanding at December 31, 2019 and 2020, respectively (liquidation value of $12,396 at December 31, 2020)	—	11,697
Total convertible preferred shares	19,102	30,799
Shareholders' deficit:		
Ordinary shares: £0.0001 nominal value: 624,187 shares issued and outstanding	—	—
Ordinary B shares: £0.0001 nominal value: 526,138 and 795,975 shares issued and 265,424 and 392,572 outstanding at December 31, 2019 and 2020, respectively	—	—
Additional paid-in capital	1,587	2,038
Accumulated other comprehensive income	288	1,020
Accumulated deficit	(15,003)	(17,875)
Total shareholders' deficit	(13,128)	(14,817)
Total liabilities, convertible preferred shares and shareholders' deficit	$ 6,386	$ 16,592

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

ApcinteX Limited
Statements of Operations and Comprehensive Loss
(All amounts presented in USD thousands)

	Year ended December 31,	
	2019	2020
Operating expenses:		
Research and development	$ 4,848	$ 2,582
General and administrative	226	297
Loss from operations	(5,074)	(2,879)
Interest income, net	18	7
Loss before income taxes	(5,056)	(2,872)
Income taxes	—	—
Net loss	(5,056)	(2,872)
Other comprehensive income:		
Foreign currency translation adjustment	60	732
Total comprehensive loss	$ (4,996)	$ (2,140)

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

ApcinteX Limited
Statements of Convertible Preferred Shares and Shareholders' Deficit
(All amounts presented in USD thousands, except shares data)

	Convertible Preferred Shares				Shareholders' Deficit							
	Series A		Series B		Ordinary		Ordinary B		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of January 1, 2019	1,677,047	$13,527	—	$ —	624,187	$ —	526,138	$ —	$ 1,239	$ 228	$ (9,947)	$ (8,480)
Issuance of Series A preferred shares	680,218	5,575	—	—	—	—	—	—	—	—	—	—
Share-based compensation expense	—		—	—	—	—	—	—	348	—	—	348
Vesting of Ordinary B shares issued pursuant to early exercises	—	—	—	—	—	—	—	—	—	—	—	—
Net loss	—	—	—	—	—	—	—	—	—	—	(5,056)	(5,056)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	60	—	60
Balance as of December 31, 2019	2,357,265	19,102	—	—	624,187	—	526,138	—	1,587	288	(15,003)	(13,128)
Issuance of Series B preferred shares,	—	—	508,147	11,697	—	—		—	—	—	—	—
Repurchase and retirement of Ordinary B shares	—	—	—	—	—	—	(17,538)	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	—	—	—	451	—	—	451
Issuance of Ordinary B shares upon early exercise of share options	—	—	—	—	—	—	287,375	—	—	—	—	—
Vesting of Ordinary B shares issued pursuant to early exercises												
Net loss	—	—	—	—	—	—	—	—	—	—	(2,872)	(2,872)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	732	—	732
Balance as of December 31, 2020	2,357,265	$19,102	508,147	$11,697	624,187	$ —	795,975	$ —	$ 2,038	$ 1,020	$ (17,875)	$(14,817)

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

ApcinteX Limited
Statements of Cash Flows
(All amounts presented in USD thousands)

	Year ended December 31,	
	2019	2020
Cash flows from operating activities:		
Net loss	$ (5,056)	$ (2,872)
Adjustments to reconcile net loss to cash used in operating activities:		
Share-based compensation expense	348	451
Changes in operating assets and liabilities		
Tax incentive receivable	(434)	1,150
Prepaid expenses and other current assets	14	25
Accounts payable	(463)	306
Accrued expenses and other current liabilities	(414)	(134)
Net cash used in operating activities	(6,005)	(1,074)
Cash flows from financing activities:		
Proceeds from the sale of Series A preferred shares	5,575	—
Proceeds from the sale of Series B preferred shares	—	11,697
Net cash provided by financing activities	5,575	11,697
Effect of exchange rate changes on cash and cash equivalents	(20)	749
Net increase (decrease) in cash and cash equivalents	(450)	11,372
Cash and cash equivalents - beginning of year	4,202	3,752
Cash and cash equivalents - end of year	$ 3,752	$ 15,124

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

ApcinteX Limited

Notes to the Financial Statements

1. Organization and Description of Business

ApcinteX Limited ("ApcinteX" or "the Company") is a biotechnology company focused on the discovery, development and commercialization of novel treatments for haemophilia and other blood clotting disorders. The Company is registered in England and Wales.

Since the Company's inception, it has focused substantially all of its efforts and financial resources on organizing and staffing the Company, acquiring and developing its technology, raising capital, building its intellectual property portfolio, undertaking preclinical studies and clinical trials and providing general and administrative support for these activities. The Company has not generated any product revenue related to its primary business purpose to date and is subject to a number of risks similar to those of other early stage companies, including dependence on key individuals, regulatory approval of products, uncertainty of market acceptance of products, competition from substitute products and larger companies, compliance with government regulations, protection of proprietary technology, dependence on third parties, product liability and the need to obtain adequate additional financing to fund the development of its product candidates.

Risks and Liquidity

The Company is subject to risks common to other life science companies in the early development stage including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, development by its competitors of new technological innovations, dependence on key personnel, market acceptance of products, product liability, protection of proprietary technology, ability to raise additional financing and compliance with government regulations, in the markets in which the Company is seeking approvals, including U.S. Food and Drug Administration ("FDA") regulations. If the Company does not successfully advance its programs into and through human clinical trials and/or enter into collaborations for its programs and commercialize any of its product candidates, it may be unable to produce product revenue or achieve profitability.

The Company has incurred recurring losses and negative cash flows from operations since inception and had an accumulated deficit of $17.9 million as of December 31, 2020. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of its product candidates currently in development. Substantial additional capital will be needed by the Company to fund its operations and to develop its product candidates. In January 2021, Centessa Pharmaceuticals Limited, or Centessa, acquired 100% of the equity interests of eleven biotechnology companies, including the Company, in exchange for ordinary shares of Centessa. Concurrent with the acquisition, Centessa completed a Series A preferred equity financing, whereby Centessa received gross proceeds of $250.0 million comprised of $245.0 million in proceeds from the sale of its Series A preferred shares and the conversion of $5.0 million in convertible debt. As the Company became a wholly owned subsidiary of Centessa, future funding of the Company's operations is expected to be funded from Centessa's cash resources.

The Company's operations have consisted primarily of organizing the Company, securing financing, developing licensed technology, performing research, conducting preclinical studies and conducting clinical trials. The Company faces risks associated with early-stage biotechnology companies whose product candidates are in development. Product candidates currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing, establishing manufacturing capacity, and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital for the Company to complete its research and development, achieve its research and development objectives, defend its intellectual property rights, and recruit and retain skilled personnel, and key members of management. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales.

The Company expects that its cash and cash equivalents as of December 31, 2020, and Centessa's cash resources, will be sufficient to fund operations for at least the next twelve months from the date these financial statements were made available for issuance.

Global Pandemic – COVID-19

On March 10, 2020, the World Health Organization characterized the novel COVID-19 virus as a global pandemic. The Company is continuing to proactively monitor and assess COVID-19, global pandemic. Since early March 2020, the Company has activated a management team taskforce to assess the potential impact on its business that may result from this rapidly evolving crisis and to avoid any unnecessary potential delays to the Company's programs. At this time, the lead programs and research activities remain on track. The safety and well-being of employees, patients and partners is the Company's highest priority. At the current time, the Company is unable to quantify the potential effects of this pandemic on its future operations.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASUs") promulgated by the Financial Accounting Standards Board ("FASB").

Foreign currency translation

The Company's financial statements are presented in U.S. dollars, the reporting currency of the Company. The Company's functional currency is the British Pound. Expenses have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheets dates and equity accounts at their respective historical rates. The resulting translation adjustments are recorded directly as a separate component of shareholders' equity and as other comprehensive income (loss) on the statements of operations and comprehensive loss. Transactions denominated in a currency other than the Company's functional currency are remeasured based upon the exchange rate at the date of remeasurement with the resulting gain or loss included in the accompanying statements of operations and comprehensive loss.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting periods. Significant estimates and assumptions reflected in these financial statements include, but are not limited to, the accrual of research and development expenses, share-based compensation, ordinary shares, and income taxes. Estimates are periodically reviewed in light of changes in circumstances, facts, and experience. Actual results could differ from the Company's estimates.

Cash and Cash Equivalents

The Company considers all short-term, highly liquid investments with maturities of 90 days or less at acquisition date to be cash equivalents.

Concentration of Manufacturing Risk

The Company is dependent on third-party manufacturers to supply products for research and development activities in its programs. In particular, the Company relies and expects to continue to rely on a small number of manufacturers to supply it with its requirements for the active pharmaceutical ingredients and formulated drugs related to these programs. These programs could be adversely affected by a significant interruption in the supply of active pharmaceutical ingredients and formulated drugs.

Fair Value of Financial Instruments

The Company follows the guidance in FASB ASC 820, Fair Value Measurements and Disclosures, which defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Management believes that the carrying amounts of cash equivalents, tax incentive receivables, accounts payable, and accrued expenses approximate fair value due to the short-term nature of those instruments. Share-based compensation and ordinary shares are recorded at their estimated fair value.

Research and Development Tax Incentives

The Company is subject to corporate taxation in the United Kingdom ("UK"). As a company that carries out extensive research and development activities and qualifies as a small or medium-sized enterprise ("SME"), the Company benefits from the UK research and development tax credit regime. Under the SME regime, the Company is able to surrender some of its trading losses that arise from qualifying research and development activities for a cash rebate of up to 33.35% of such qualifying research and development expenditure, reduced to 21.67% for subcontractor costs.

During the years ended December 31, 2019 and 2020, the Company recognized $1.4 million and $0.8 million in the statements of operations and comprehensive loss, as reductions in research & development expenses.

Research and Development Costs

Research and development costs are expensed as incurred. Research and development costs include salaries and bonuses, share-based compensation, employee benefits, consulting costs, and external contract research and development and manufacturing expenses.

Upfront payments and milestone payments made for the licensing of technology are expensed as research and development in the period in which they are incurred. Advance payments for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. The prepaid amounts are expensed as the related goods are delivered or the services are performed.

The Company accrues for estimated costs of research and development activities conducted by third-party service providers, which include the conduct of preclinical studies and clinical trials, and contract manufacturing activities. The Company records the estimated costs of research and development activities based upon the estimated amount of services provided and includes these costs in accrued expenses in the balance sheets and within research and development expense in the statements of operations. When evaluating the adequacy of the accrued liabilities, the Company analyzes progress of the research studies or clinical trials and manufacturing activities, including the phase or completion of events, invoices received, and contracted costs. Significant judgments and estimates may be made in determining the accrued expenses at the end of any reporting period. Actual results could differ from the Company's estimates. The Company's historical accrual estimates have not been materially different from the actual costs.

Share-based compensation

The Company measures share-based awards at their grant-date fair value and records compensation expense on a straight-line basis over the vesting period of the awards. Estimating the fair value of share-based awards requires the input of subjective assumptions, including the estimated fair value of the Company's ordinary shares. Options with nominal exercise prices are accounted for as restricted share-based payments.

Convertible preferred shares

The convertible preferred shares are recorded outside of permanent equity because upon the occurrence of certain deemed liquidation events, the majority of the holders could vote to redeem the shares at the liquidation preference and these events were considered not solely within the Company's control.

Income Taxes

Income taxes are accounted for under the asset-and-liability method as required by FASB ASC Topic 740, Income Taxes (ASC 740). 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 corresponding to the enactment date. Under ASC 740, a valuation allowance is required when it is more likely than not all, or some portion of the deferred tax assets will not be realized through generating sufficient future taxable income.

The Company accounts for uncertain tax positions pursuant to U.S. GAAP, specifically ASC 740, which prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. If the tax position meets this threshold, the benefit to be recognized is measured as the tax benefit having the highest likelihood of being realized upon ultimate settlement with the taxing authority. For the years ended December 31, 2019 and 2020, the Company has not recorded any unrecognized tax benefits.

Comprehensive Loss

Comprehensive loss includes net loss as well as other changes in shareholders' deficit that result from transactions and economic events other than those with shareholders. For the year ended December 31, 2020, the Company's only element of other comprehensive income was the change in foreign currency translation adjustments.

JOBS Act Accounting Election

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) 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.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires a lessee to record a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. As the Company has elected to use the extended transition period for complying with new or revised accounting standards as available under the Jobs Act, the standard is effective for the Company beginning January 1, 2022, with early adoption permitted. The Company is currently evaluating the expected impact that the standard could have on its financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020-06, "(Subtopic 470-20): *Debt—Debt with Conversion and Other Options*" ("ASU 2020-06") to address the complexity associated with applying GAAP to certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 includes amendments to the guidance on convertible instruments and the derivative scope exception for contracts in an entity's own equity and simplifies the accounting for convertible instruments which include beneficial conversion features or cash conversion features by removing certain separation models in Subtopic 470-20. Additionally, ASU 2020-06 will require entities to use the "if-converted" method when calculating diluted earnings per share for convertible instruments. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023 (fiscal year 2024 for the Company), including interim periods within those fiscal years. The Company is currently evaluating the impact of ASU 2020-06 on financial position, results of operations or cash flows.

3. Balance Sheet Components

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in USD thousands):

	December 31,	
	2019	2020
Prepaid insurance	$ 23	$ 9
Prepaid research and development costs	3	2
VAT receivables	105	90
Other	—	8
Total prepaid expenses and other current assets	$131	$109

Accrued Expenses and Other Current Liabilities

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

	December 31,	
	2019	2020
Accrued research and development expenses	$182	$—
Professional fees	5	50
Total accrued expenses and other current liabilities	$187	$ 50

4. Commitments and Contingencies

Commitments

As of December 31, 2020, the Company had non-cancellable commitments for purchase of clinical materials, contract manufacturing, maintenance, and committed funding of up to $5.7 million, of which the Company expects to pay $3.0 million within one year and $2.7 million in one to three years. The amount and timing of

these payments vary depending on the rate of progress of development. Future clinical trial expenses have not been included within the purchase commitments because they are contingent on enrollment in clinical trials and the activities required to be performed by the clinical sites. The Company's subcontracted costs for clinical trials and contract manufacturing were $4.9 million and $2.3 million for the years ended December 31, 2019 and 2020, respectively.

SerpinPC License Agreement

In 2016, ApcinteX entered into an exclusive, sublicensable, worldwide license agreement with Cambridge Enterprise Limited ("CE"), to further develop and commercialize the patented technology held by CE for modified serpins for the treatment of bleeding disorders through the use of rational and random mutagenesis associated with the patented technology. ApcinteX is solely responsible for, and is required to use commercially reasonable efforts to, research, develop, manufacture and commercialize the patented technology, at its own costs. ApcinteX is obligated to make up to $1.0 million (£0.7 million at an exchange rate of 0.73) in development and regulatory milestone payments and low single digit royalty rates for net product sales. In addition, ApcinteX paid $14,000 for each of the years ended December 31, 2019 and 2020.

Contingencies

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of its business activities. The Company accrues a liability for such matters when it is probable that future expenditures will be made, and such expenditures can be reasonably estimated.

Litigation

The Company is not a party to any litigation as of December 31, 2019 and 2020.

5. Convertible Preferred Shares

Convertible Preferred Shares

In December 2016, the Company sold 996,829 shares of its Series A convertible preferred shares at a purchase price of $7.88 per share (£6.25 per share at an exchange rate of 0.79) in exchange for gross proceeds of $7.9 million (£6.2 million at an exchange rate of 0.79). Upon completion of certain conditions, the Series A investors could purchase additional shares of Series A at £6.25 per share. Such conditions were met in 2018 and 2019 and the Company sold 680,218 shares for $5.6 million (£4.3 million at an exchange rate of 0.75) in gross proceeds in 2018 and 680,218 shares for $5.6 million (£4.3 million at an exchange rate of 0.76) in gross proceeds in 2019. Total Series A shares sold and gross proceeds were 2,357,265 and $19.1 million, respectively. Expenses associated with completing the capital raises were immaterial.

The Company has Series A and Series B convertible preferred shares (Preferred Shares) which are classified outside of shareholders' deficit because the shares contain deemed liquidation rights that are contingent redemption features not solely within the Company's control. During the year ended December 31, 2020, the Company sold 508,147 shares of its Series B convertible preferred shares at a purchase price of $23.01 per share (£17.82 per share at an exchange rate of 0.75) in exchange for gross proceeds of $11.7 million (£9.1 million at an exchange rate of 0.75). Expenses associated with completing the raise were immaterial.

Dividends

The holders of Preferred Shares are entitled to dividends if and when declared by the Company's board of directors. As of December 31, 2020, no dividends have been declared.

Voting

Each Preferred Share is entitled to a vote on an as-converted basis and certain significant Company events require majority approval from the Preferred Shareholders as a separate class.

Conversion

Each Preferred Share is convertible, at the holder's option, into such number of ordinary shares on a one-to-one basis and equal to the conversion price then in effect. The conversion price is subject to adjustments for splits, dividends, distributions and other similar recapitalization events. Upon consummation of a qualified initial public offering of the Company's securities, the preferred shares would automatically convert into ordinary shares.

Liquidation Preference

Upon the liquidation, sale, or merger of the Company (collectively, the Liquidation), the preferred shareholders are entitled to receive an amount equal to the original issuance price plus any unpaid declared dividends with the Series B liquidation preference holding preference to the Series A liquidation preference. If there are additional available assets from the liquidation after the initial liquidation payments, the remaining available assets will be distributed to the ordinary shareholders.

6. Shareholders' Deficit

Ordinary Shares

Ordinary shares confer upon its holders voting rights, the right to receive cash and share dividends, if declared, and the right to share in excess assets upon liquidation of the Company. The holders of ordinary shares are entitled to one vote per share.

B Ordinary Shares

B Ordinary Shares do not entitle its holders to receive notice of, to attend, to speak or to vote at any general meeting of the Company nor to receive or vote on, or otherwise constitute an eligible member for the purposes of, proposed written resolutions of the Company. B Ordinary shares confer upon its holders the right to receive, in respect of any dividend paid by the Company, a total of £0.01 in respect of all B Ordinary Shares in issue, and the right to share in excess assets upon liquidation of the Company.

7. Share-based Compensation

B Ordinary Shares Awards

The Company grants equity incentive shares, designated as B ordinary shares, to its employees, executives, and consultants and are purchased by the recipient for a nominal amount within one year from grant date. The awards generally vest 25% on the first anniversary of the grant date and ratably each quarter thereafter. Upon a change in control event or an initial public offering of the Company's ordinary shares, the B ordinary shares convert, on a 1:1 basis, into ordinary shares. The Company accounts for B ordinary shares as restricted shares for share-based compensation purposes as the purchase price is nominal. Share-based compensation expense is recorded within research and development expenses within the Company's statement of operations and comprehensive loss. The Company recognized share-based compensation of $0.3 million and $0.5 million during the year ended December 31, 2019 and 2020, respectively.

	Number of shares	Weighted average grant date fair value
Unvested at January 1, 2019	376,901	$ 2.62
Vested	(133,725)	$ 2.55
Unvested at December 31, 2019	243,176	$ 2.66
Granted and exercised	287,375	$ 5.62
Vested	(127,148)	$ 2.62
Unvested at December 31, 2020	403,403	$ 4.78

As of December 31, 2020, the total unrecognized compensation expense related to B ordinary shares was $1.9 million, which the Company expects to recognize over a weighted-average period of 2 years.

8. Income Taxes

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities were as follows:

	December 31,	
	2019	2020
Deferred tax assets:		
Net operating loss carryforwards	900	1,204
Other	(105)	(121)
Valuation allowance	(795)	(1,083)
Net deferred tax asset	—	—

In assessing the need for a valuation allowance, management must determine that there will be sufficient taxable income to allow for the realization of deferred tax assets. Based upon the historical and anticipated future losses, management has determined that the deferred tax assets do not meet the more-likely-than-not threshold for realizability. Accordingly, a full valuation allowance has been recorded against the Company's net deferred tax assets as of December 31, 2019 and 2020. The valuation allowance increased by $0.3 million and $0.3 million during the years ended December 31, 2019 and 2020.

A reconciliation of the United Kingdom income tax rate to the Company's effective tax rate is as follows:

	Year Ended December 31,	
	2019	2020
Tax benefit at statutory rate benefit	19%	19%
Permanent differences	(1)%	(3)%
Enhanced R&D expenses deduction	21%	21%
Non-taxable R&D incentive	5%	5%
Losses surrendered for R&D incentive	(37)%	(37)%
Change in tax rate	(1)%	3%
Change in valuation allowance	(6)%	(8)%
Effective income tax rate	— %	— %

The following table summarizes carryforwards of federal and local net operating losses (NOL) and research tax credits (in USD thousands):

	Year Ended December 31,	
	2019	2020
UK	$5,295	$6,335

The Company will recognize interest and penalties related to uncertain tax positions as a component of income tax expense. As of December 31, 2020, the Company had no accrued interest or penalties related to uncertain tax positions and no amounts have been recognized in the Company's statement of operations. Due to NOL and tax credit carry forwards that remain unutilized, income tax returns for tax years from 2019 and 2020 remain subject to examination by the taxing jurisdictions. The NOL carryforwards remain subject to review until utilized.

9. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 12, 2021, the date at which the financial statements were available to be issued, and determine that there are no other items to disclose.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pega-One S.A.S.
Paris, France

We have audited the accompanying financial statements of Pega-One S.A.S., which comprise the balance sheets as of December 31, 2019 and 2020, and the related statements of operations and comprehensive loss, Series A ordinary shares and shareholders' deficit, and cash flows for the period from August 8, 2019 (inception) through December 31, 2019, and for the year ended December 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pega-One S.A.S. as of December 31, 2019 and 2020, and the results of its operations and its cash flows for the period from August 8, 2019 (inception) through December 31, 2019, and for the year ended December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

/s/ Frazier & Deeter, LLC
Tampa, Florida
March 12, 2021

Pega-One S.A.S.
Balance Sheets

(in thousands, except share data)	December 31, 2019	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 562	$ 1,740
Prepaid expenses and other current assets	23	339
Total current assets	585	2,079
Total assets and current assets	$ 585	$ 2,079
Liabilities, Series A ordinary shares and shareholders' deficit		
Current liabilities:		
Accounts payable	$ 292	$ 87
Accrued expenses and other current liabilities	—	231
Total current liabilities	292	318
Liability classified BSAs	561	—
Total liabilities	853	318
Commitments and Contingencies (note 6)		
Series A ordinary shares €0.01 nominal value: 93,950 shares authorized, issued and outstanding (liquidation value of $7,436 at December 31, 2020)	—	6,624
Shareholders' deficit:		
Ordinary shares, €0.01 nominal value 92,690 shares authorized, issued and outstanding	1	1
Additional paid-in capital	—	1,132
Accumulated other comprehensive income	—	247
Accumulated deficit	(269)	(6,243)
Total shareholders' deficit	(268)	(4,863)
Total liabilities, series A ordinary shares and shareholders' deficit	$ 585	$ 2,079

See accompanying notes to audited financial statements.

Pega-One S.A.S.
Statements of Operations and Comprehensive Loss

(in thousands)	Period from August 8, 2019 (inception) Through December 31, 2019	Year Ended December 31, 2020
Operating expenses:		
Research and development	$ 155	$ 1,295
Acquired in-process research and development	—	3,164
General and administrative	114	1,415
Loss from operations	(269)	(5,874)
Change in fair value of liability classified BSAs	—	(100)
Net loss	$ (269)	$ (5,974)
Comprehensive loss:		
Foreign currency translation adjustment	—	247
Total comprehensive loss	$ (269)	$ (5,727)

See accompanying notes to audited financial statements.

Pega-One S.A.S.
Statements of Series A Ordinary Shares and Shareholders' Deficit
(in thousands, except share data)

	Series A Ordinary		Shareholders' deficit					
			Ordinary		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total
	Shares	Amount	Shares	Amount				
Balance at August 8, 2019 (inception)	—	$ —	—	$ —	$ —	$ —	$ —	$ —
Issuance of ordinary shares to founders	—	—	92,690	1	—	—	—	1
Net loss	—	—	—	—	—	—	(269)	(269)
Balance at December 31, 2019	—	—	92,690	1	—	—	(269)	(268)
Sale of Series A ordinary shares	84,549	5,975	—	—	—	—	—	—
Issuance of Series A ordinary shares upon exercise of BSAs	9,041	649	—	—	—	—	—	—
Issuance of equity option in connection with acquired license	—	—	—	—	1,132	—	—	1,132
Foreign currency translation adjustment	—	—	—	—	—	247	—	247
Net loss	—	—	—	—	—	—	(5,974)	(5,974)
Balance at December 31, 2020	93,590	$ 6,624	92,690	$ 1	$ 1,132	$ 247	$ (6,243)	$ (4,863)

See accompanying notes to audited financial statements.

Pega-One S.A.S.
Statements of Cash Flows

(in thousands)	Period from August 8, 2019 (inception) through December 31, 2019	Year Ended December 31, 2020
Cash flows from operating activities:		
Net loss	$ (269)	$ (5,974)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in fair value of liability classified BSAs	—	100
Issuance of equity option in connection with acquired license	—	1,132
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(23)	(316)
Accounts payable	292	(205)
Accrued expenses and other liabilities	—	231
Net cash used in operating activities	—	(5,032)
Cash flows from financing activities:		
Proceeds from the sale of Series A ordinary shares	1	5,975
Proceeds from the Sale of BSAs	561	—
Net cash provided by financing activities	562	5,975
Effect of exchange rates on cash	—	235
Net increase in cash and cash equivalents	562	1,178
Cash and cash equivalents at beginning of period	—	562
Cash and cash equivalents at end of period	$ 562	$ 1,740
Supplemental disclosure of noncash financing activities:		
Issuance of Series A ordinary shares upon conversion of BSAs	$ —	$ 649
Issuance of ordinary shares to acquire license	$ —	$ 1,132

See accompanying notes to audited financial statements.

Pega-One S.A.S.

Notes to the Financial Statements

1. Nature of Operations

Pega-One S.A.S (Company) is a biotechnology company founded in 2019 developing imgatuzumab, a humanized, non-fucosylated, anti-EGFR monoclonal antibody for the treatment of cutaneous squamous cell carcinoma and other solid tumor indications.

2. Risks and Liquidity

The Company is subject to risks common to other life science companies in the early development stage including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, development by its competitors of new technological innovations, dependence on key personnel, market acceptance of products, product liability, protection of proprietary technology, ability to raise additional financing and compliance with government regulations, in the markets in which the Company is seeking approvals, including U.S. Food and Drug Administration ("FDA") regulations. If the Company does not successfully advance its programs into and through human clinical trials and/or enter into collaborations for its programs and commercialize any of its product candidates, it may be unable to produce product revenue or achieve profitability.

The Company has incurred recurring losses and negative cash flows from operations since inception and had an accumulated deficit of $6.2 million as of December 31, 2020. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of its product candidates currently in development. Substantial additional capital will be needed by the Company to fund its operations and to develop its product candidates. In January 2021, Centessa Pharmaceuticals Limited, or Centessa, acquired 100% of the equity interests of eleven biotechnology companies, including the Company, in exchange for ordinary shares of Centessa. Concurrent with the acquisition, Centessa completed a Series A preferred equity financing, whereby Centessa received gross proceeds of $250.0 million comprised of $245.0 million in proceeds from the sale of its Series A preferred shares and the conversion of $5.0 million in convertible debt. As the Company became a wholly owned subsidiary of Centessa, future funding of the Company's operations is expected to be funded from Centessa's cash resources.

The Company's operations have consisted primarily of organizing the Company, securing financing, developing licensed technology, performing research, conducting preclinical and studies and conducting clinical trials. The Company faces risks associated with early-stage biotechnology companies whose product candidates are in development. Product candidates currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing, establishing manufacturing capacity and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital for the Company to complete its research and development, achieve its research and development objectives, defend its intellectual property rights, and recruit and retain skilled personnel, and key members of management. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales.

The Company expects that its cash and cash equivalents as of December 31, 2020, and the proceeds received by Centessa from its Series A financing, will be sufficient to fund operations for at least the next twelve months from the date these financial statements were made available for issuance.

Global Pandemic – COVID-19

On March 10, 2020, the World Health Organization characterized the novel COVID-19 virus as a global pandemic. The Company is continuing to proactively monitor and assess COVID-19, global pandemic. Since early March 2020 the Company has activated a management team taskforce to assess the potential impact

on its business that may result from this rapidly evolving crisis and to avoid any unnecessary potential delays to the Company's programs. At this time, the lead programs and research activities remain on track. The safety and well-being of employees, patients and partners is the Company's highest priority. At the current time, the Company is unable to quantify the potential effects of this pandemic on its future operations.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) promulgated by the Financial Accounting Standards Board (FASB). In the opinion of management, the accompanying financial statements include all normal and recurring adjustments, which consist primarily of accruals, estimates and assumptions that are considered necessary to present fairly the Company's financial position as of December 31, 2019 and 2020 and its results of operations and cash flows for the period from August 8, 2019 (inception) through December 31, 2019 and the year ended December 31, 2020.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Estimates and assumptions are periodically reviewed and the effects of the revisions are reflected in the accompanying financial statements in the period they are determined to be necessary. Significant areas that required management's estimates included the fair value of the Company's liability classified BSA's and the fair value of its equity option issued in conjunction with acquired license.

Fair Value of Financial Instruments

Management believes that the carrying amounts of the Company's financial instruments, including cash equivalents, prepaid expenses, accounts payable, and accrued expenses and other current liabilities approximate fair value due to the short-term nature of those instruments.

Concentration of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash and cash equivalents.

Research and Development

Research and development costs are expensed as incurred and consist primarily of funds paid to third parties for the provision of services for product candidate development, clinical and preclinical development and related supply and manufacturing costs, and regulatory compliance costs. The Company accrues and expenses preclinical studies and clinical trial activities performed by third parties based upon estimates of the proportion of work completed over the term of the individual trial and patient enrollment rates in accordance with agreements with clinical research organizations and clinical trial sites. The Company determines the estimates by reviewing contracts, vendor agreements and purchase orders, and through discussions with internal clinical personnel and external service providers as to the progress or stage of completion of trials or services and the agreed-upon fee to be paid for such services. However, actual costs and timing of clinical trials are highly uncertain, subject to risks and may change depending upon a number of factors, including the Company's clinical development plan.

Management makes estimates of the Company's accrued expenses as of each balance sheet date in the Company's financial statements based on facts and circumstances known to the Company at that time. If the actual timing of the performance of services or the level of effort varies from the estimate, the Company will adjust the accrual accordingly. Nonrefundable advance payments for goods and services, including fees for process development or manufacturing and distribution of clinical supplies that will be used in future research and development activities, are deferred and recognized as expense in the period that the related goods are consumed or services are performed.

Income Taxes

Income taxes are accounted for under the asset-and-liability method as required by FASB ASC Topic 740, *Income Taxes* (ASC 740). 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 corresponding to the enactment date. Under ASC 740, a valuation allowance is required when it is more likely than not all or some portion of the deferred tax assets will not be realized through generating sufficient future taxable income.

FASB ASC Subtopic 740-10, *Accounting for Uncertainty of Income Taxes*, (ASC 740-10) defines the criterion an individual tax position must meet for any part of the benefit of the tax position to be recognized in financial statements prepared in conformity with GAAP. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not such tax position will be sustained on examination by the taxing authorities, based solely on the technical merits of the respective tax position. The tax benefits recognized in the financial statements from such a tax position should be measured based on the largest benefit having a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority. In accordance with the disclosure requirements of ASC 740-10, the Company's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of total interest expense and other expense, respectively.

Other Comprehensive Income

Other comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The only component of other comprehensive income impacting the Company is foreign currency translation.

Foreign Currencies

The Company's financial statements are presented in U.S. dollars, the reporting currency of the Company. The Company's functional currency is the Euro. Expenses have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheets dates and equity accounts at their respective historical rates. The resulting translation adjustments are recorded directly as a separate component of shareholders' deficit and as other comprehensive income on the statements of operations and comprehensive loss. Transactions denominated in a currency other than the Company's functional currency are remeasured based upon the exchange rate at the date of remeasurement with the resulting gain or loss included in the accompanying statements of operations and comprehensive loss.

JOBS Act Accounting Election

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private

companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) 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.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires a lessee to record a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. As the Company has elected to use the extended transition period for complying with new or revised accounting standards as available under the Jobs Act, the standard is effective for the Company beginning January 1, 2022, with early adoption permitted. The Company is currently evaluating the expected impact that the standard could have on its financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020-06, "(Subtopic 470-20): *Debt—Debt with Conversion and Other Options*" ("ASU 2020-06") to address the complexity associated with applying GAAP to certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 includes amendments to the guidance on convertible instruments and the derivative scope exception for contracts in an entity's own equity and simplifies the accounting for convertible instruments which include beneficial conversion features or cash conversion features by removing certain separation models in Subtopic 470-20. Additionally, ASU 2020-06 will require entities to use the "if-converted" method when calculating diluted earnings per share for convertible instruments. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023 (fiscal year 2024 for the Company), including interim periods within those fiscal years. The Company is currently evaluating the impact of ASU 2020-06 on financial position, results of operations or cash flows.

4. Fair Value of Financial Instruments

Fair value is the price that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value determination in accordance with applicable accounting guidance requires that a number of significant judgments be made. Additionally, fair value is used on a nonrecurring basis to evaluate assets for impairment or as required for disclosure purposes by applicable accounting guidance on disclosures about fair value of financial instruments. Depending on the nature of the assets and liabilities, various valuation techniques and assumptions are used when estimating fair value. The carrying amounts of certain of the Company's financial instruments, including prepaid expense and accounts payable are shown at cost, which approximates fair value due to the short-term nature of these instruments. The Company follows the provisions of FASB ASC Topic 820, *Fair Value Measurement*, for financial assets and liabilities measured on a recurring basis. The guidance requires fair value measurements be classified and disclosed in one of the following three categories:

Level 1:	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
Level 2:	Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liabilities.
Level 3:	Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following fair value hierarchy table presents information about the Company's assets measured at fair value on a recurring basis:

(in thousands)	Fair value measurement at reporting date using: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2019:			
Liabilities			
BSA's	$ —	$ —	$ 561

The Company evaluated the BSAs issued in December 2019 and determined they were liability classified as the BSAs were to be settled by issuing a variable number of the Company's securities equal to 85% of the subscription price paid in a future qualified financing event. The initial fair value of the BSAs was equal to the cash proceeds received and is re-measured at each reporting period until March 2020, when the BSAs were exercised in connection with the Series A share issuance.

The reconciliation of the BSA liability measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows (amounts in thousands):

(in thousands)	
Balance at August 8, 2019 (inception)	$ —
Additions	561
Change in fair value	—
Balance at December 31, 2019	561
Change in fair value	100
Changes due to foreign currency translation adjustment	(12)
Settlement upon issuance of Series A shares	(649)
Balance at December 31, 2020	$ —

The BSAs are classified as a liability on the accompanying balance sheet at December 31, 2019. The liability is marked-to-market each reporting period with the changes in fair value recorded in the accompanying statements of operations and comprehensive loss until it was settled in March 2020. At settlement, the fair value of the BSAs were equal to the value of the Series A shares received that were issued.

5. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	December 31, 2019	December 31, 2020
Professional fees	$ —	$ 41
Compensation and related benefits	—	190
	$ —	$ 231

6. Commitments and Contingencies

License Agreement with Hoffman-La Roche

In March 2020, the Company entered into, and subsequently amended, a license agreement with Hoffman La Roche Ltd, or Roche, to discover, develop and commercialize GA201 which is a glycoengineered anti-EFGR

monoclonal antibody imgatuzumab for the treatment of cutaneous squamous cell carcinoma and other solid tumor indications. The Company retains an exclusive worldwide sublicensable royalty bearing license. The Company made an upfront payment of $2.0 million and is obligated to pay up to $16.0 million upon the achievement of development and regulatory milestones and up to $125.0 million in commercial milestones subject to potential increase if the Company undergoes a change in control transaction before a specified event for a specific indication. The Company is also obligated to pay Roche tiered royalties on net sales of the licensed product at rates ranging from a mid to high single percentage, on a country-by-country and product-by-product basis and is subject to adjustments in the event the Company sublicenses the approved technology. In addition, the Company is obligated to reimburse Roche for annual patent related costs incurred related to the license. Upon consummation of a strategic transaction or an initial public offering of the Company's ordinary shares, as defined in the agreement, Roche is entitled to receive a minimum of 10% of the consideration received by the Company.

The $2.0 million license fee was expensed in during the 2020 as in-process research and development as the technology acquired has no alternative future use as it requires substantial future development and is subject to regulatory approval. The Company accounted for the payment to Roche upon a strategic transaction or initial public offering as an equity classified share-based payment arrangement. The estimated the fair value of the option was $1.2 million and was recorded as in-process research and development within the Company's statement of operations and comprehensive loss.

Employment Agreements

The Company has entered into employment agreements with key personnel providing for compensation and severance in certain circumstances, as described in the respective employment agreements.

Litigation

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. There are no matters currently outstanding.

7. Series A Ordinary Shares and Ordinary Shares

Ordinary Shares

Each ordinary share entitles the holder to one vote on all matters submitted to a vote of the Company's shareholders. Subject to preferences that may apply to any outstanding Series A ordinary shares, holders of ordinary shares are entitled to receive ratably any dividends that the Company's board of directors may declare out of funds legally available for that purpose on a non-cumulative basis. No dividends had been declared through December 31, 2020.

Series A Ordinary Shares

The Company has Series A convertible preferred shares, which are classified outside of shareholders' deficit because the shares contain deemed liquidation rights that are contingent redemption features not solely within the Company's control. During the year ended December 31, 2020, the Company sold 84,549 shares of its Series A ordinary shares at €65.05 per share in exchange for net proceeds of $6.0 million. Concurrent with the sale, the liability BSAs were exercised and the Company issued 9,041 of its Series A ordinary shares. Upon achievement of certain milestone events or at the election of the majority of the Series A ordinary shareholders, the Company could have sold an additional 368,946 Series A ordinary shares at €65.05 per share. Upon entering into the merger agreement with Centessa Pharmaceuticals in February 2021, all future funding obligations were transferred to Centessa Pharmaceuticals.

The Company determined that the Series A future tranche rights did not meet the definition of a freestanding financial instrument as they were not legally detachable. The future tranche rights were also evaluated as embedded derivatives and the Company determined they did not meet the definition of a derivative instrument for which bifurcation would be required.

The shareholder agreement associated with the Series A ordinary shares have certain redemption rights that are outside of the Company's control upon the occurrence of future events. Accordingly, these shares are presented as temporary equity outside of the shareholders' deficit.

8. Income Taxes

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities were as follows:

(in thousands)	December 31, 2019	December 31, 2020
Deferred tax assets:		
Net operating losses	$ 70	$ 668
Less: valuation allowance	(70)	(668)
	$ —	$ —

In assessing the need for a valuation allowance, management must determine that there will be sufficient taxable income to allow for the realization of deferred tax assets. Based upon the historical and anticipated future losses, management has determined that the deferred tax assets do not meet the more-likely-than-not threshold for realizability. Accordingly, a full valuation allowance has been recorded against the Company's net deferred tax asset as of December 31, 2019 and 2020. The valuation allowance increased by approximately $0.1 million and $0.6 million during the period from August 8, 2019 (inception) to December 31, 2019 and the year ended December 31, 2020, respectively.

A reconciliation of the French income tax rate to the Company's effective tax rate is as follows:

	Period from August 8, 2019 (inception) through December 31, 2019	Year Ended December 31, 2020
Tax benefit at statutory rate	25.8%	25.8%
IP research and development	—	(13.8)
Other permanent differences	—	(3.1)
Research and development	—	0.2
Change in valuation allowance	(25.8)	(9.1)
	— %	— %

The Company has net operating loss carryforwards of $2.6 million as of December 31, 2020 and do not expire. The NOL carryforwards may be lost in certain circumstances after a change in control, as defined in UK tax law.

Tax positions taken or expected to be taken in the course of preparing the Company's tax returns are required to be evaluated to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet a more-likely-than-not threshold, as well as accrued interest and penalties, if any, would be recorded as interest and penalties expense in the current year. There were no uncertain tax positions that require accrual or disclosure to the financial statements as of December 31, 2019 and 2020.

The company benefits from a research and development tax credit incentive in France, determined on the basis of the eligible research and development expenses incurred during the calendar year. Currently, the research and development credit equals 30% of the eligible expenses incurred during the year.

9. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 12, 2021, the date at which the financial statements were available to be issued, and determined that there are no other items to disclose.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors
Janpix Limited
London, United Kingdom

We have audited the accompanying financial statements of Janpix Limited, which comprise the balance sheets as of December 31, 2019 and 2020, and the related statements of operations and comprehensive loss, convertible preferred shares and shareholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Janpix Limited as of December 31, 2019 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Frazier & Deeter, LLC
Tampa, Florida
March 12, 2021

Janpix Limited
Balance Sheets

(in thousands, except share data)	December 31, 2019	December 31, 2020
Assets		
Current assets:		
Cash	$ 174	$ 9,370
Research tax incentive receivable	509	651
Prepaid expenses and other current assets	20	20
Total current assets and total assets	$ 703	$10,041
Liabilities, convertible preferred shares and shareholders' deficit		
Current liabilities:		
Accounts payable	$ 356	$ 385
Accrued expenses and other current liabilities	8	20
Total current liabilities and total liabilities	364	405
Commitments and Contingencies (Note 5)		
Convertible preferred shares, €0.0001 par value:		
Series A convertible preferred shares: 72,499 shares authorized, issued and outstanding (liquidation value of $7,456 at December 31, 2020)	5,249	7,047
Series B convertible preferred shares: 95,078 shares authorized, issued and outstanding at December 31, 2020; no shares authorized, issued and outstanding at December 31, 2019 (liquidation value of $9,772 at December 31, 2020)	—	9,387
Preferred shares, €0.0001 par value; 100,000 shares authorized, issued and outstanding at December 31, 2019 and 2020	—	—
Total convertible preferred shares	5,249	16,434
Shareholders' deficit:		
Ordinary shares, €0.0001 par value; 40,171 and 42,406 shares authorized at December 31, 2019 and 2020, respectively; 40,171 and 42,406 shares issued and outstanding at December 31, 2019 and 2020, respectively	—	—
Ordinary B shares, €0.0001 par value; 18,904 and 27,679 shares authorized and issued, 11,926 and 16,286 shares outstanding at December 31, 2019 and 2020, respectively	—	—
Additional paid-in capital	968	1,170
Accumulated other comprehensive (loss) income	(17)	523
Accumulated deficit	(5,861)	(8,491)
Total shareholders' deficit	(4,910)	(6,798)
Total liabilities, convertible preferred shares and shareholders' deficit	$ 703	$10,041

See accompanying notes to audited financial statements.

Janpix Limited
Statements of Operations and Comprehensive Loss

(in thousands)	Years Ended December 31, 2019	2020
Operating expenses:		
Research and development	$ 1,657	$ 2,162
General and administrative	330	467
Loss from operations	(1,987)	(2,629)
Interest expense, net	—	(1)
Net loss	$ (1,987)	$ (2,630)
Other comprehensive (loss) income:		
Foreign exchange translation adjustment	(54)	540
Comprehensive loss	$ (2,041)	$ (2,090)

See accompanying notes to audited financial statements.

Janpix Limited
Statements of Convertible Preferred Shares and Shareholders' Deficit
(in thousands, except share data)

	Convertible preferred shares						Shareholders' deficit							
	Series A Preferred		Series B Preferred		Preferred		Ordinary		B Ordinary		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at January 1, 2019	72,499	$ 3,425	—	$ —	100,000	$ —	40,171	$ —	18,904	$ —	$ 897	$ 37	$ (3,874)	$(2,940)
Series A investor contributions	—	1,824	—	—	—	—	—	—	—	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	—	—	—	—	—	71	—	—	71
Currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—	(54)	—	(54)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(1,987)	(1,987)
Balance at December 31, 2019	72,499	5,249	—	—	100,000	—	40,171	—	18,904	—	968	(17)	(5,861)	(4,910)
Series A investor contributions	—	1,798	—	—	—	—	—	—	—	—	—	—	—	—
Sale of Series B convertible preferred shares	—	—	95,078	9,387	—	—	—	—	—	—	—	—	—	—
Issuance of B ordinary shares	—	—	—	—	—	—	—	—	8,775	—	—	—	—	—
Issuance of ordinary shares for research and development expenses	—	—	—	—	—	—	2,235	—	—	—	93	—	—	93
Share-based compensation expense	—	—	—	—	—	—	—	—	—	—	109	—	—	109
Currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—	540	—	540
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(2,630)	(2,630)
Balance at December 31, 2020	72,499	$ 7,047	95,078	$ 9,387	100,000	$ —	42,406	$ —	27,679	$ —	$ 1,170	$ 523	$ (8,491)	$(6,798)

See accompanying notes to audited financial statements.

Janpix Limited
Statements of Cash Flows

(in thousands)	Years Ended December 31, 2019	2020
Cash flows from operating activities:		
Net loss	$ (1,987)	$ (2,630)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	71	109
Issuance of ordinary shares for research and development expenses	—	93
Changes in operating assets and liabilities:		
Research tax incentive receivable	(202)	(118)
Prepaid expenses and other assets	1	—
Accounts payable	190	15
Accrued expenses and other current liabilities	3	14
Net cash used in operating activities	(1,924)	(2,517)
Cash flows from financing activities:		
Series A investor contributions	1,824	1,798
Proceeds from the sale of Series B convertible preferred shares	—	9,387
Net cash provided by financing activities	1,824	11,185
Effect of exchange rate changes on cash	(58)	528
Net (decrease) increase in cash	(158)	9,196
Cash at beginning of year	332	174
Cash at end of year	$ 174	$ 9,370
Supplemental disclosure of non-cash investing and financing transactions:		
Issuance of ordinary shares for research and development expenses	$ —	$ 93

See accompanying notes to audited financial statements.

Janpix Limited
Notes to the Financial Statements

1. Nature of Operations

Janpix Limited (the Company), a private limited company formed in 2013 and registered in England and Wales, is a clinical stage biotechnology company developing inhibitors of Signal Transducer and Activator of Transcription ("STAT") proteins. The Company's lead molecule targets both STAT3 and STAT5 proteins, transcription factors whose aberrant activation is associated with tumor cell proliferation, survival, and drug resistance. The Company is planning to advance this program in various hematological cancers.

2. Risks and Liquidity

The Company is subject to risks common to other life science companies in the early development stage including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, development by its competitors of new technological innovations, dependence on key personnel, market acceptance of products, product liability, protection of proprietary technology, ability to raise additional financing and compliance with government regulations, in the markets in which the Company is seeking approvals, including U.S. Food and Drug Administration ("FDA") regulations. If the Company does not successfully advance its programs into and through human clinical trials and/or enter into collaborations for its programs and commercialize any of its product candidates, it may be unable to produce product revenue or achieve profitability.

The Company has incurred recurring losses and negative cash flows from operations since inception and had an accumulated deficit of $8.5 million as of December 31, 2020. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of its product candidates currently in development. Substantial additional capital will be needed by the Company to fund its operations and to develop its product candidates. In January 2021, Centessa Pharmaceuticals Limited, or Centessa, acquired 100% of the equity interests of eleven biotechnology companies, including the Company, in exchange for ordinary shares of Centessa. Concurrent with the acquisition, Centessa completed a Series A preferred equity financing, whereby Centessa received gross proceeds of $250.0 million comprised of $245.0 million in proceeds from the sale of its Series A preferred shares and the conversion of $5.0 million in convertible debt. As the Company became a wholly owned subsidiary of Centessa, future funding of the Company's operations is expected to be funded from Centessa's cash resources.

The Company's operations have consisted primarily of organizing the Company, securing financing, developing licensed technology, performing research, conducting preclinical and studies and conducting clinical trials. The Company faces risks associated with early-stage biotechnology companies whose product candidates are in development. Product candidates currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing, establishing manufacturing capacity and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital for the Company to complete its research and development, achieve its research and development objectives, defend its intellectual property rights, and recruit and retain skilled personnel, and key members of management. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales.

The Company expects that its cash as of December 31, 2020, and Centessa's cash resources, will be sufficient to fund operations for at least the next twelve months from the date these financial statements were made available for issuance.

Global Pandemic – COVID-19

On March 10, 2020, the World Health Organization characterized the novel COVID-19 virus as a global pandemic. The Company is continuing to proactively monitor and assess COVID-19, global pandemic. Since

early March 2020 the Company has activated a management team taskforce to assess the potential impact on its business that may result from this rapidly evolving crisis and to avoid any unnecessary potential delays to the Company's programs. At this time, the lead programs and research activities remain on track. The safety and well-being of employees, patients and partners is the Company's highest priority. At the current time, the Company is unable to quantify the potential effects of this pandemic on its future operations.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) promulgated by the Financial Accounting Standards Board (FASB). In the opinion of management, the accompanying financial statements include all normal and recurring adjustments, which consist primarily of accruals, estimates and assumptions that are considered necessary to present fairly the Company's financial position as of December 31, 2019 and 2020 and its results of operations and cash flows for the years ended December 31, 2019 and 2020.

Foreign currencies

The Company's financial statements are presented in U.S. dollars, the reporting currency of the Company. The Company's functional currency is the British Pound. Expenses have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheets dates and equity accounts at their respective historical rates. The resulting translation gain and loss adjustments are recorded directly as a separate component of shareholders' deficit and as other comprehensive income (loss) on the statements of operations and comprehensive loss. Transactions denominated in a currency other than the Company's functional currency are remeasured based upon the exchange rate at the date of remeasurement with the resulting gain or loss included in the accompanying statements of operations and comprehensive loss.

Other Comprehensive (Loss) Income

Other comprehensive (loss) income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The only component of other comprehensive (loss) income impacting the Company is foreign currency translation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Management believes that the carrying amounts of the Company's financial instruments, including research tax incentive receivable, prepaid expenses, and accounts payable and accrued expenses, approximate fair value due to the short-term nature of those instruments.

Concentration of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash.

Tax Incentive Receivable

The research tax credit is granted to companies by the United Kingdom and European tax authorities in order to encourage them to conduct technical and scientific research. Companies that have expenditures that meet the required criteria within the United Kingdom or European countries receive a tax credit that can be used for the payment of the corporate tax due for the fiscal year in which the expenditures were made and the next three fiscal years, or can be reimbursed in cash.

The expenses taken into account for the calculation of the credit involve only research expenses. The Company's estimate of the amount of cash refund it expects to receive related to the tax credit is included in tax incentive receivables in the accompanying balance sheets and such amounts are recorded as reduction of research and development expense in the statements of operations and comprehensive loss. During the years ended December 31, 2019 and 2020, the Company recorded reductions to research and development expenses of $0.4 million and $0.5 million, respectively.

Share-based compensation

The Company measures share-based awards at their grant-date fair value and records compensation expense on a straight-line basis over the vesting period of the awards. Estimating the fair value of share-based awards requires the input of subjective assumptions, including the estimated fair value of the Company's ordinary shares. Options with nominal exercise prices are accounted for as restricted share-based payments.

Research and Development

Research and development costs are expensed as incurred and consist primarily of funds paid to third parties for the provision of services for product candidate development, clinical and preclinical development and related supply and manufacturing costs, and regulatory compliance costs. The Company accrues and expenses preclinical studies and clinical trial activities performed by third parties based upon estimates of the proportion of work completed over the term of the individual trial and patient enrollment rates in accordance with agreements with clinical research organizations and clinical trial sites. The Company determines the estimates by reviewing contracts, vendor agreements and purchase orders, and through discussions with internal clinical personnel and external service providers as to the progress or stage of completion of trials or services and the agreed-upon fee to be paid for such services. However, actual costs and timing of clinical trials are highly uncertain, subject to risks and may change depending upon a number of factors, including the Company's clinical development plan.

Management makes estimates of the Company's accrued expenses as of each balance sheet date in the Company's financial statements based on facts and circumstances known to the Company at that time. If the actual timing of the performance of services or the level of effort varies from the estimate, the Company will adjust the accrual accordingly. Nonrefundable advance payments for goods and services, including fees for process development or manufacturing and distribution of clinical supplies that will be used in future research and development activities, are deferred and recognized as expense in the period that the related goods are consumed or services are performed. During the year ended December 31, 2020, the Company issued 2,235 Ordinary Shares valued at $93,000 for research and development expense.

Income Taxes

Income taxes are accounted for under the asset-and-liability method as required by FASB ASC Topic 740, *Income Taxes* (ASC 740). 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 corresponding to the enactment date. Under ASC 740, a valuation allowance is required when it is more likely than not at all or some portion of the deferred tax assets will not be realized through generating sufficient future taxable income.

FASB ASC Subtopic 740-10, *Accounting for Uncertainty of Income Taxes*, (ASC 740-10) defines the criterion an individual tax position must meet for any part of the benefit of the tax position to be recognized in financial statements prepared in conformity with GAAP. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not such tax position will be sustained on examination by the taxing authorities, based solely on the technical merits of the respective tax position. The tax benefits recognized in the financial statements from such a tax position should be measured based on the largest benefit having a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority. In accordance with the disclosure requirements of ASC 740-10, the Company's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of total interest expense and other expense, respectively.

JOBS Act Accounting Election

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) 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.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires a lessee to record a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. As the Company has elected to use the extended transition period for complying with new or revised accounting standards as available under the Jobs Act, the standard is effective for the Company beginning January 1, 2022, with early adoption permitted. The Company is currently evaluating the impact that the standard could have on its financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020-06, "(Subtopic 470-20): *Debt—Debt with Conversion and Other Options*" ("ASU 2020-06") to address the complexity associated with applying GAAP to certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 includes amendments to the guidance on convertible instruments and the derivative scope exception for contracts in an entity's own equity and simplifies the accounting for convertible instruments which include beneficial conversion features or cash conversion features by removing certain separation models in Subtopic 470-20. Additionally, ASU 2020-06 will require entities to use the "if-converted" method when calculating diluted earnings per share for convertible instruments. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023 (fiscal year 2024 for the Company), including interim periods within those fiscal years. The Company is currently evaluating the impact that the standard could have on its financial statements and related disclosures.

4. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	December 31, 2019	December 31, 2020
Professional fees	$ —	$ 5
Research and development	8	15
	$ 8	$ 20

5. Commitments and Contingencies

License Agreement

On July 31, 2017, the Company entered into an exclusive worldwide license agreement to further develop and commercialize the licensed compounds. The Company is obligated to make up to $30.0 million in development and commercial milestone payments. In addition, the Company is obligated to make future commercial milestone payments at low to mid-single digit royalty rates for net product sales. The Company incurred $39,000 of expenses during the year ended December 31, 2019 and no expense during the year ended December 31, 2020 in connection to the license agreement.

Employment Agreements

The Company has entered into employment agreements with key personnel providing for compensation and severance in certain circumstances, as described in the respective employment agreements.

Litigation

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. There are no matters currently outstanding.

6. Convertible Preferred Shares and Ordinary Shares

Convertible Preferred Share

The Company has Preferred, Series A and Series B convertible preferred shares (Preferred Shares), which are classified outside of shareholders' deficit because the shares contain deemed liquidation rights that are contingent redemption features not solely within the control of the Company. In 2017, the Company sold and issued 72,499 Series A preferred shares. Pursuant to the terms of the Series A purchase agreement and upon successful attainment of specified milestones as confirmed by a majority vote of the members of the Company's board of directors, the Series A investors were obligated to provided up to €13.6 million in additional non-dilutive funding. The Company received $1.8 million during each of the years ended December 31, 2019 and 2020. Upon entering into the Series B purchase agreement in October 2020 the remaining potential funding obligations for Series A investors was terminated. The Company concluded the future funding obligation was not a freestanding financial instrument and was not required to be bifurcated when evaluated as an embedded derivative.

During the year ended December 31, 2020, the Company sold 95,078 Series B shares and at €84.14 per share for aggregate gross proceeds of $9.4 million.

Dividends

The holders of Preferred Shares are entitled to dividends if and when declared by the Company's board of directors. As of December 31, 2020, no dividends have been declared.

Voting

Each Preferred Share is entitled to a vote on an as-converted basis and certain significant Company events require majority approval from the Preferred Shareholders as a separate class.

Conversion

Each Preferred Share is convertible, at the holder's option, into such number of ordinary shares on a one-to-one basis and equal to the conversion price then in effect. The conversion price is subject to adjustments for splits, dividends, distributions, and other similar recapitalization events. Upon consummation of a qualified initial public offering of the Company's securities, the Preferred Shares will automatically convert into ordinary shares.

Liquidation Preference

Upon the liquidation, sale, or merger of the Company (collectively, the Liquidation), the Preferred Shares are entitled to receive an amount equal to the original issuance price plus any unpaid declared dividends with the Series B liquidation preference holding preference to the Series A and the Preferred liquidation preference. If there are additional available assets from the liquidation after the initial liquidation payments, the remaining available assets will be distributed to the ordinary shareholders.

Ordinary Shares and B Ordinary Shares

Ordinary shares confer upon its holders voting rights, the right to receive cash and stock dividends, if declared, and the right to share in excess assets upon liquidation of the Company. The holders of ordinary shares are entitled to one vote per share.

7. Share-Based Compensation

The Company grants equity incentive shares, designated as B ordinary shares, to its employees, executives, and consultants and are purchased by the recipient for a nominal amount within one year from grant date. Generally, the awards vest 25% on the first anniversary of the grant date and ratably each quarter thereafter. Upon a change in control event or an initial public offering of the Company's ordinary shares, the B ordinary shares convert, on a 1:1 basis, into ordinary shares. The Company accounts for B ordinary shares as restricted shares for share-based compensation purposes as the purchase price is nominal. Share-based compensation expense is recorded within research and development expenses within the Company's statement of operations and comprehensive loss. The Company recognized share-based compensation of $71,000 and $0.1 million during the years ended December 31, 2019 and 2020, respectively. As of December 31, 2020, the total unrecognized compensation expense related to B ordinary shares was $0.3 million, which the Company expects to recognize over a weighted-average 2.2 years.

	Shares	Weighted-Average Grant-Date Fair Value (USD)
Nonvested at January 1, 2019	10,966	$ 18.29
Vested	(3,988)	$ 18.29
Nonvested at December 31, 2019	6,978	$ 18.29
Granted and exercised	8,775	$ 34.78
Vested	(4,360)	$ 19.85
Nonvested at December 31, 2020	11,393	$ 32.02

8. Income Taxes

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities were as follows:

(in thousands)	December 31, 2019	December 31, 2020
Deferred tax assets:		
Net operating losses	$ 583	$ 963
Less: valuation allowance	(583)	(963)
	$ —	$ —

In assessing the need for a valuation allowance, management must determine that there will be sufficient taxable income to allow for the realization of deferred tax assets. Based upon the historical and anticipated future losses, management has determined that the deferred tax assets do not meet the more-likely-than-not threshold for realizability. Accordingly, a full valuation allowance has been recorded against the Company's net deferred tax assets as of December 31, 2019 and 2020. The valuation allowance increased by approximately $0.2 million and $0.4 million during the years ended December 31, 2019 and 2020, respectively.

A reconciliation of the United Kingdom income tax rate to the Company's effective tax rate is as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2020
Tax benefit at statutory rate	19%	19%
Research and development	(7%)	(7%)
Stock compensation	(1%)	(1%)
IP research and development	—	(1%)
Change in tax rate	(1%)	3%
Change in valuation allowance	(10%)	(13%)
	— %	— %

The Company has UK NOL carryforwards of $5.1 million as of December 31, 2020 and they do not expire. The NOL carryforwards may be lost in certain circumstances after a change in control, as defined in UK tax law.

Tax positions taken or expected to be taken in the course of preparing the Company's tax returns are required to be evaluated to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet a more-likely-than-not threshold, as well as accrued interest and penalties, if any, would be recorded as an interest and penalties expense in the current year. There were no uncertain tax positions that require accrual or disclosure to the financial statements as of December 31, 2019 and 2020.

9. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 12, 2021, the date at which the financial statements were available to be issued, and determined that there are no other items to disclose.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Capella Bioscience Limited
London, United Kingdom

We have audited the accompanying financial statements of Capella Bioscience Limited, which comprise the balance sheets as of December 31, 2019 and 2020, and the related statements of operations and comprehensive loss, convertible preferred shares and shareholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capella Bioscience Limited as of December 31, 2019 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Frazier & Deeter, LLC
Tampa, Florida
March 12, 2021

Capella Bioscience Limited
Balance Sheets

(in thousands, except share data)	December 31, 2019	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 1,640	$ 10,579
Research tax incentive receivable	1,732	779
Prepaid expenses and other current assets	30	94
Total assets	$ 3,402	$ 11,452
Liabilities, convertible preferred shares and shareholders' deficit		
Current liabilities:		
Accounts payable	$ 97	$ 643
Accrued expenses and other current liabilities	275	200
Total current liabilities	372	843
Commitments and Contingencies (note 5)		
Convertible preferred shares, £0.001 nominal value:		
Series Seed shares: 1,500,000 shares authorized, issued and outstanding (liquidation value of $3,046 at December 31, 2020)	2,317	2,317
Series A shares: 5,959,590 shares authorized, 5,808,075 and 5,959,590 shares issued and outstanding at December 31, 2019 and 2020, respectively; (liquidation value of $20,136 at December 31, 2020)	15,463	15,832
Series B shares: 3,144,104 shares authorized, issued and outstanding at December 31, 2020; (liquidation value of $10,068 at December 31, 2020)	—	9,179
Total convertible preferred shares	17,780	27,328
Shareholders' deficit:		
Ordinary shares, £0.001 nominal value: 97,221 and 137,001 shares authorized and issued, 71,884 and 97,288 shares outstanding at December 31, 2019 and December 31, 2020, respectively	—	—
Additional paid-in capital	126	187
Accumulated other comprehensive income (loss)	(201)	472
Accumulated deficit	(14,675)	(17,378)
Total shareholders' deficit	(14,750)	(16,719)
Total liabilities, convertible preferred shares and shareholders' deficit	$ 3,402	$ 11,452

See accompanying notes to audited financial statements.

Capella Bioscience Limited
Statements of Operations and Comprehensive Loss

(in thousands)	Year Ended December 31, 2019	2020
Operating expenses:		
Research and development	$ 4,033	$ 2,445
General and administrative	511	261
Loss from operations before interest and income taxes	(4,544)	(2,706)
Interest income	10	3
Net loss	$ (4,534)	$ (2,703)
Comprehensive loss:		
Foreign currency translation adjustment	127	673
Total comprehensive loss	$ (4,407)	$ (2,030)

See accompanying notes to audited financial statements.

Capella Bioscience Limited
Statements of Convertible Preferred Shares and Shareholders' Deficit
(in thousands, except share data)

	Convertible preferred shares						Shareholders' deficit					
	Series Seed Preferred		Series A Preferred		Series B Preferred		Ordinary		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at January 1, 2019	1,500,000	$ 2,317	5,555,550	$14,855	—	$ —	42,454	$ —	$ 63	$ (328)	$ (10,141)	$(10,406)
Sale of Series A convertible preferred shares	—	—	252,525	608	—	—	—	—	—	—	—	—
Issuance of ordinary shares	—	—	—	—	—	—	54,767	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	—	—	—	63	—	—	63
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	127	—	127
Net loss	—	—	—	—	—	—	—	—	—	—	(4,534)	(4,534)
Balance at December 31, 2019	1,500,000	2,317	5,808,075	15,463	—	—	97,221	—	126	(201)	(14,675)	(14,750)
Sale of Series A convertible preferred shares	—	—	151,515	369	—	—	—	—	—	—	—	—
Sale of Series B convertible preferred shares	—	—	—	—	3,144,104	9,179	—	—	—	—	—	—
Issuance of ordinary shares	—	—	—	—	—	—	39,780	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	—	—	—	61	—	—	61
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	673	—	673
Net loss	—	—	—	—	—	—	—	—	—	—	(2,703)	(2,703)
Balance at December 31, 2020	1,500,000	$ 2,317	5,959,590	$15,832	3,144,104	$ 9,179	137,001	$ —	$ 187	$ 472	$ (17,378)	$(16,719)

See accompanying notes to audited financial statements.

Capella Bioscience Limited
Statements of Cash Flows

(in thousands)	Year Ended December 31, 2019	2020
Cash flows from operating activities:		
Net loss	$ (4,534)	$ (2,703)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	63	61
Changes in operating assets and liabilities:		
Research tax incentive receivable	(286)	946
Prepaid expenses and other current assets	91	(60)
Accounts payable	(269)	510
Accrued expenses and other current liabilities	(202)	(80)
Net cash used in operating activities	(5,137)	(1,326)
Cash flows from financing activities:		
Proceeds from the sale of Series A preferred shares	608	369
Proceeds from the sale of Series B preferred shares	—	9,179
Net cash provided by financing activities	608	9,548
Effect of exchange rates on cash and cash equivalents	77	717
Net (decrease) increase in cash and cash equivalents	(4,452)	8,939
Cash and cash equivalents at beginning of year	6,092	1,640
Cash and cash equivalents at end of year	$ 1,640	$ 10,579

See accompanying notes to audited financial statements.

Capella Bioscience Limited
Notes to the Financial Statements

1. Nature of Operations

Capella Bioscience Limited (Company) is a biotechnology company founded in 2014 and is developing CBS001, a neutralizing therapeutic monoclonal antibody to the inflammatory membrane form of LIGHT, known as TNFSF14, for the treatment of idiopathic pulmonary fibrosis. The Company is also developing CBS004, a therapeutic monoclonal antibody to blood dendritic cell antigen 2 (BDCA2) for the treatment of lupus erythematosus (systemic and cutaneous) and systemic sclerosis.

2. Risks and Liquidity

The Company is subject to risks common to other life science companies in the early development stage including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, development by its competitors of new technological innovations, dependence on key personnel, market acceptance of products, product liability, protection of proprietary technology, ability to raise additional financing and compliance with government regulations, in the markets in which the Company is seeking approvals, including U.S. Food and Drug Administration ("FDA") regulations. If the Company does not successfully advance its programs into and through human clinical trials and/or enter into collaborations for its programs and commercialize any of its product candidates, it may be unable to produce product revenue or achieve profitability.

The Company has incurred recurring losses and negative cash flows from operations since inception and had an accumulated deficit of $17.4 million as of December 31, 2020. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of its product candidates currently in development. Substantial additional capital will be needed by the Company to fund its operations and to develop its product candidates. In January 2021, Centessa Pharmaceuticals Limited, or Centessa, acquired 100% of the equity interests of eleven biotechnology companies, including the Company, in exchange for ordinary shares of Centessa. Concurrent with the acquisition, Centessa completed a Series A preferred equity financing, whereby Centessa received gross proceeds of $250.0 million comprised of $245.0 million in proceeds from the sale of its Series A preferred shares and the conversion of $5.0 million in convertible debt. As the Company became a wholly owned subsidiary of Centessa, future funding of the Company's operations is expected to be funded from Centessa's cash resources.

The Company's operations have consisted primarily of organizing the Company, securing financing, developing licensed technology, performing research, conducting preclinical and studies and conducting clinical trials. The Company faces risks associated with early-stage biotechnology companies whose product candidates are in development. Product candidates currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing, establishing manufacturing capacity and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital for the Company to complete its research and development, achieve its research and development objectives, defend its intellectual property rights, and recruit and retain skilled personnel, and key members of management. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales.

The Company expects that its cash and cash equivalents as of December 31, 2020, and Centessa's cash resources, will be sufficient to fund operations for at least the next twelve months from the date these financial statements were made available for issuance.

Global Pandemic – COVID-19

On March 10, 2020, the World Health Organization characterized the novel COVID-19 virus as a global pandemic. The Company is continuing to proactively monitor and assess COVID-19, global pandemic. Since

early March 2020 the Company has activated a management team taskforce to assess the potential impact on its business that may result from this rapidly evolving crisis and to avoid any unnecessary potential delays to the Company's programs. At this time, the lead programs and research activities remain on track. The safety and well-being of employees, patients and partners is the Company's highest priority. At the current time, the Company is unable to quantify the potential effects of this pandemic on its future operations.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) promulgated by the Financial Accounting Standards Board (FASB). In the opinion of management, the accompanying financial statements include all normal and recurring adjustments, which consist primarily of accruals, estimates and assumptions that are considered necessary to present fairly the Company's financial position as of December 31, 2019 and 2020 and its results of operations and cash flows for the year ended December 31, 2019 and the year ended December 31, 2020.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Estimates and assumptions are periodically reviewed and the effects of the revisions are reflected in the accompanying financial statements in the period they are determined to be necessary. Significant areas that required management's estimates included the research tax incentive receivable and the fair value of the Company's share-based compensation.

Fair Value of Financial Instruments

Management believes that the carrying amounts of the Company's financial instruments, including cash equivalents, research tax incentive receivable, prepaid expenses, accounts payable and accrued expenses approximate fair value due to the short-term nature of those instruments.

Concentration of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash and cash equivalents.

Cash and cash equivalents

The Company considers all highly liquid investments that have maturities of three months or less when acquired to be cash equivalents.

Tax incentive receivable

The research tax credit is granted to companies by the United Kingdom tax authorities in order to encourage them to conduct technical and scientific research. Companies that have expenditures that meet the required criteria within the United Kingdom receive a tax credit that can be used for the payment of the corporate tax due for the fiscal year in which the expenditures were made and the next three fiscal years, or can be reimbursed in cash.

The expenses taken into account for the calculation of the credit involve only research expenses. The Company's estimate of the amount of cash refund it expects to receive related to the tax credit is included in the research tax incentive receivable in the accompanying balance sheets and such amounts are recorded as reduction of research and development expense in the statements of operations and comprehensive loss. During the years ended December 31, 2019 and 2020, the Company recorded reductions to research and development expenses of $1.7 million and $0.8 million, respectively.

Share-based compensation

The Company measures share-based awards at their grant-date fair value and records compensation expense on a straight-line basis over the vesting period of the awards. Estimating the fair value of share-based awards requires the input of subjective assumptions, including the estimated fair value of the Company's ordinary shares. Options with nominal exercise prices are accounted for as restricted share-based payments.

Research and Development

Research and development costs are expensed as incurred and consist primarily of funds paid to third parties for the provision of services for product candidate development, clinical and preclinical development and related supply and manufacturing costs, and regulatory compliance costs. The Company accrues and expenses preclinical studies and clinical trial activities performed by third parties based upon estimates of the proportion of work completed over the term of the individual trial and patient enrollment rates in accordance with agreements with clinical research organizations and clinical trial sites. The Company determines the estimates by reviewing contracts, vendor agreements and purchase orders, and through discussions with internal clinical personnel and external service providers as to the progress or stage of completion of trials or services and the agreed-upon fee to be paid for such services. However, actual costs and timing of clinical trials are highly uncertain, subject to risks and may change depending upon a number of factors, including the Company's clinical development plan.

Management makes estimates of the Company's accrued expenses as of each balance sheet date in the Company's financial statements based on facts and circumstances known to the Company at that time. If the actual timing of the performance of services or the level of effort varies from the estimate, the Company will adjust the accrual accordingly. Nonrefundable advance payments for goods and services, including fees for process development or manufacturing and distribution of clinical supplies that will be used in future research and development activities, are deferred and recognized as expense in the period that the related goods are consumed or services are performed.

Income Taxes

Income taxes are accounted for under the asset-and-liability method as required by FASB ASC Topic 740, *Income Taxes* (ASC 740). 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 corresponding to the enactment date. Under ASC 740, a valuation allowance is required when it is more likely than not all or some portion of the deferred tax assets will not be realized through generating sufficient future taxable income.

FASB ASC Subtopic 740-10, *Accounting for Uncertainty of Income Taxes*, (ASC 740-10) defines the criterion an individual tax position must meet for any part of the benefit of the tax position to be recognized in financial statements prepared in conformity with GAAP. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not such tax position will be sustained on examination by the taxing authorities, based solely on the technical merits of the respective tax position. The tax benefits recognized in the financial statements from such a tax position should be measured based on the largest benefit having a greater

than 50% likelihood of being realized upon ultimate settlement with the tax authority. In accordance with the disclosure requirements of ASC 740-10, the Company's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of total interest expense and other expense, respectively. There were no uncertain tax positions that require accrual or disclosure to the financial statements as of December 31, 2019 and 2020.

Other Comprehensive Loss

Other comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The only component of other comprehensive income (loss) impacting the Company is foreign currency translation.

Foreign Currencies

The Company's financial statements are presented in U.S. dollars, the reporting currency of the Company. The Company's functional currency is the British Pound. Expenses have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheet dates and equity accounts at their respective historical rates. The resulting translation gain and loss adjustments are recorded directly as a separate component of shareholders' deficit and as other comprehensive loss on the statements of operations and comprehensive loss. Transactions denominated in a currency other than the Company's functional currency are remeasured based upon the exchange rate at the date of remeasurement with the resulting gain or loss included in the accompanying statements of operations and comprehensive loss.

JOBS Act Accounting Election

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) 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.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires a lessee to record a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. As the Company has elected to use the extended transition period for complying with new or revised accounting standards as available under the Jobs Act, the standard is effective for the Company beginning January 1, 2022, with early adoption permitted. The Company is currently evaluating the impact that the standard could have on its financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020-06, "(Subtopic 470-20): *Debt—Debt with Conversion and Other Options*" ("ASU 2020-06") to address the complexity associated with applying GAAP to certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 includes amendments to the guidance on convertible instruments and the derivative scope exception for contracts in an entity's own equity and simplifies the accounting for convertible instruments which include beneficial conversion features or cash conversion features by removing certain separation models in Subtopic 470-20. Additionally, ASU 2020-06 will require

entities to use the "if-converted" method when calculating diluted earnings per share for convertible instruments. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023 (fiscal year 2024 for the Company), including interim periods within those fiscal years. The Company is currently evaluating the impact that the standard could have on its financial statements and related disclosures.

4. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	December 31, 2019	December 31, 2020
Professional fees	$ 18	$ 19
Compensation and related benefits	49	58
Research and development	208	123
	$ 275	$ 200

5. Commitments and Contingencies

License Agreement

On October 16, 2017, the Company entered into a license agreement with Lonza Sales AG to further evaluate, develop and commercialize licensed compounds for therapeutic use. The Company is obligated to make additional payments contingent upon approval to advance through additional stages of the process. The Company is obligated to make up to $5.0 million in development and commercial milestone payments. The Company is also obligated to make future commercial milestone payments at low single digit royalty rates for net product sales and is subject to adjustment in the event the Company sublicenses the approved technology. The Company incurred approximately $2.7 million and $0.6 million in expense related to the license agreement during the years ended December 31, 2019 and 2020, respectively.

Employment Agreements

The Company has entered into employment agreements with key personnel providing for compensation and severance in certain circumstances, as described in the respective employment agreements.

Litigation

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. There are no matters currently outstanding.

6. Convertible Preferred Shares and Ordinary Shares

Ordinary shares

Each ordinary share entitles the holder to one vote on all matters submitted to a vote of the Company's shareholders. Subject to the rights of holders of convertible preferred shares, ordinary shareholders are entitled to receive dividends, as may be declared by the board of directors, if any. No dividends had been declared through December 31, 2020.

Convertible preferred shares

The Company has Series Seed, Series A and Series B convertible preferred shares (collectively "Preferred Shares"), which are classified outside of shareholders' deficit because the shares contain deemed liquidation

rights that are contingent redemption features not solely within the control of the Company. During the year ended December 31, 2019 and 2020, the Company sold 252,525 and 151,515 shares of Series A preferred at £1.98 per share for aggregate proceeds of $0.6 million and $0.4 million, respectively (£0.5 million and £0.3 million at exchange rates of 0.82 and 0.81, respectively).

Pursuant to Series A Purchase Agreements entered into from 2016 to 2019, the Series A investors could purchase up to an aggregate of 3,939,390 additional shares of Series A at a fixed purchase price of £1.98 per share (the "Series A Future Tranche Right").

The Company determined that the Series A Future Tranche Right did not meet the definition of a freestanding financial instrument as it was not legally detachable. The Future Tranche Right was also evaluated as an embedded derivative and the Company determined they did not meet the definition of a derivative instrument for which bifurcation would be required. The number of additional shares available under the Series A Future Tranche Right was reduced and exercised in full by May 2020.

During the year ended December 31, 2020, the Company sold 3,144,104 shares of Series B at £2.29 per share for gross proceeds of $9.2 million (£7.2 million at an exchange rate of 0.78).

Dividends

The holders of Preferred Shares, in preference to holders of any other class or series, are entitled to an 8.0% cumulative dividend, regardless of whether or not declared, resolved or approved. No dividends were declared or paid through December 31, 2020.

Voting

The holders of Preferred shares are entitled to one vote for each preferred share and, subject to certain Preferred Share class votes specified in the Company's articles of association or as required by law, the holders of the Preferred Shares and ordinary shares vote together.

Liquidation preference

In the event of a liquidation, dissolution or winding up of the Company, either voluntary or involuntary, or in the event of a deemed liquidation event, which includes a sale of the Company as defined in the Company's articles of association, holders of Preferred Shares are entitled to receive, in preference to all other stockholders, an amount equal to the original issuance price plus any unpaid dividends. Liquidation preference payments are first made to the Series B preferred shareholders and next to the Series A preferred shareholders and lastly, to the Series Seed preferred shareholders.

After payment in full of the liquidation preference of the Preferred Shares, any remaining assets shall be distributed ratably to the holders of Preferred Shares and ordinary shares on an "as converted" basis. The original issuance price for the Series Seed, Series A and Series B preferred shares was £1.00, £1.98 and £2.29 per share, respectively.

Conversion

Each share of Preferred Shares is convertible into ordinary shares at any time at the option of the holder thereof at the conversion price then in effect. All Preferred Shares are convertible into ordinary shares at the affirmative election of the holders of at least a majority of the outstanding Preferred Shares at the conversion price then in effect.

The Preferred Shares will automatically convert into ordinary shares upon an initial public offering of its ordinary shares and equal to the original issuance price and any unpaid dividends.

7. Share-Based Compensation

Ordinary Shares Awards

The Company granted ordinary shares to several founders and executives. The shares were purchased by the recipient for a nominal amount and they vest ratably over various service periods that are generally between one and two years. The Company accounts for ordinary shares issuances as restricted shares for share-based compensation purposes as the purchase price is nominal. Share-based compensation expense is recorded within research and development expenses within the Company's statement of operations and comprehensive loss. The Company recognized share-based compensation related to these awards of $19,000 and $15,000 during the years ended December 31, 2019 and 2020, respectively.

The following table summarizes the ordinary share activity for the periods presented:

	Shares
Nonvested at January 1, 2019	5,770
Granted and exercised	54,767
Vested	(35,200)
Nonvested at December 31, 2019	25,337
Granted and exercised	39,780
Vested	(25,404)
Nonvested at December 31, 2020	39,713

The weighted-average grant date fair value of ordinary shares granted was $0.60 and $0.75 per share for the years ended December 31, 2019 and 2020, respectively. As of December 31, 2020, the total unrecognized compensation expense related to ordinary shares was $36,000, which the Company expects to recognize in its entirety in 2021.

Enterprise Management Incentive Scheme

The Company has adopted an Enterprise Management Incentive Scheme, or EMI Plan, that allows for the grant of options to purchase ordinary shares. Options granted under the EMI Plan are governed by the rules of the EMI Plan, an option agreement entered into with each participant, and Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003. The Company accounts for options granted under the EMI Plan as restricted shares for share-based compensation purposes as the purchase price is nominal. Share-based compensation expense is recorded as a component of research and development expenses within the Company's statement of operations and comprehensive loss. The Company recognized share-based compensation of $44,000 and $46,000 for the years ended December 31, 2019 and 2020, respectively.

The following table summarizes the activity for the periods presented:

Outstanding at January 1, 2019 and December 31, 2019	305,555
Granted	176,412
Outstanding at December 31, 2020	481,967
Vested at December 31, 2020	239,614
Unvested shares at December 31, 2020	242,353

No options were granted or forfeited during the year ended December 31, 2019. The weighted-average grant date fair value of options granted was $0.75 per share during the year ended December 31, 2020. As of December 31, 2020, the total unrecognized compensation expense related to the option awards was $0.2 million, which the Company expects to recognize over a weighted-average period of 2 years.

8. Income Taxes

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities were as follows:

(in thousands)	December 31, 2019	December 31, 2020
Deferred tax assets:		
Net operating losses	$ 979	$ 1,358
Less: valuation allowance	(979)	(1,358)
	$ —	$ —

In assessing the need for a valuation allowance, management must determine that there will be sufficient taxable income to allow for the realization of deferred tax assets. Based upon the historical and anticipated future losses, management has determined that the deferred tax assets do not meet the more-likely-than-not threshold for realizability. Accordingly, a full valuation allowance has been recorded against the Company's net deferred tax assets as of December 31, 2020 and 2019. The valuation allowance increased by approximately $0.3 million and $0.4 million during the years ended December 31, 2019 and December 31, 2020, respectively.

A reconciliation of the United Kingdom income tax rate to the Company's effective tax rate is as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2020
Tax benefit at statutory rate	19%	19%
Research and development	(12)%	(11)%
Non deductible expenses	(1)%	— %
Change in tax rate	(1)%	4%
Change in valuation allowance	(5)%	(12)%
	— %	— %

The Company has UK NOL carryforwards and research and development tax credits of approximately of $7.1 million as of December 31, 2020. The NOL carryforwards do not expire. The NOL carryforwards may be lost in certain circumstances after a change in control, as defined by UK tax law.

Tax positions taken or expected to be taken in the course of preparing the Company's tax returns are required to be evaluated to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet a more-likely-than-not threshold, as well as accrued interest and penalties, if any, would be recorded as an interest and penalties expense in the current year. There were no uncertain tax positions that require accrual or disclosure to the financial statements as of December 31, 2019 and 2020.

9. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 12, 2021, the date at which the financial statements were available to be issued, and determined that there are no other items to disclose.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
PearlRiver Bio GmbH
Dortmund, Germany

We have audited the accompanying financial statements of PearlRiver Bio GmbH, which comprise the balance sheets as of December 31, 2019 and 2020, and the related statements of operations and comprehensive loss, convertible preferred shares and shareholders' deficit, and cash flows for the period from February 15, 2019 (inception) through December 31, 2019, and for the year ended December 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PearlRiver Bio GmbH as of December 31, 2019 and 2020, and the results of its operations and its cash flows for the period from February 15, 2019 (inception) through December 31, 2019, and for the year ended December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

/s/ Frazier & Deeter, LLC
Tampa, Florida
March 12, 2021

PearlRiver Bio GmbH
Balance Sheets

(in thousands, except share data)	December 31, 2019	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 1,885	$ 6,235
Prepaid expenses and other current assets	68	65
Total assets and current assets	$ 1,953	$ 6,300
Liabilities, convertible preferred shares and shareholders' deficit		
Current liabilities:		
Accounts payable	$ 230	$ 238
Accrued expenses and other current liabilities	116	34
Total current liabilities	346	272
Commitments and contingencies (Note 5)		
Series A convertible preferred shares €1.00 nominal value: 33,333 shares authorized, issued and outstanding (liquidation value of $12,193 at December 31, 2020)	3,928	11,559
Shareholders' deficit:		
Ordinary shares, €1.00 nominal value 25,493 shares authorized and issued, 16,319 and 20,401 shares outstanding at December 31, 2019 and 2020, respectively	29	29
Additional paid-in capital	2,138	2,822
Accumulated other comprehensive income	25	197
Accumulated deficit	(4,513)	(8,579)
Total shareholders' deficit	(2,321)	(5,531)
Total liabilities, convertible preferred shares and shareholders' deficit	$ 1,953	$ 6,300

See accompanying notes to audited financial statements.

PearlRiver Bio GmbH
Statements of Operations and Comprehensive Loss

(in thousands)	Period from February 15, 2019 (inception) Through December 31, 2019	Year Ended December 31, 2020
Operating expenses:		
Research and development	$ 2,765	$ 3,691
Acquired in-process research and development	1,141	—
General and administrative	607	375
Net loss	$ (4,513)	$ (4,066)
Comprehensive loss:		
Foreign currency translation adjustment	25	172
Total comprehensive loss	$ (4,488)	$ (3,894)

See accompanying notes to audited financial statements.

PearlRiver Bio GmbH
Statements of Convertible Preferred Shares and Shareholders' Deficit
(in thousands, except share data)

	Convertible preferred shares		Shareholders' deficit					
	Series A preferred		Ordinary		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total
	Shares	Amount	Shares	Amount				
Balance at February 15, 2019 (inception)	—	$ —	—	$ —	$ —	$ —	$ —	$ —
Sale of ordinary shares to founders	—	—	16,316	19	—	—	—	19
Issuance of ordinary shares to acquire license	—	—	9,177	10	1,141	—	—	1,151
Sale of Series A convertible preferred shares	33,333	3,928	—	—	—	—	—	—
Share-based compensation expense	—	—	—	—	997	—	—	997
Foreign currency translation adjustment	—	—	—	—	—	25	—	25
Net loss	—	—	—	—	—	—	(4,513)	(4,513)
Balance at December 31, 2019	33,333	3,928	25,493	29	2,138	25	(4,513)	(2,321)
Series A investor contributions	—	7,631	—	—	—	—	—	—
Share-based compensation expense	—	—	—	—	684	—	—	684
Foreign currency translation adjustment	—	—	—	—	—	172	—	172
Net loss	—	—	—	—	—	—	(4,066)	(4,066)
Balance at December 31, 2020	33,333	$ 11,559	25,493	$ 29	$ 2,822	$ 197	$ (8,579)	$(5,531)

See accompanying notes to audited financial statements.

PearlRiver Bio GmbH
Statements of Cash Flows

(in thousands)	Period from February 15, 2019 (inception) through December 31, 2019	Year Ended December 31, 2020
Cash flows from operating activities:		
Net loss	$ (4,513)	$ (4,066)
Adjustments to reconcile net loss to net cash used in operating activities:		
Acquired in-process research and development	1,151	—
Share-based compensation	997	684
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(68)	9
Accounts payable	230	(11)
Accrued expenses and other liabilities	119	(88)
Net cash used in operating activities	(2,084)	(3,472)
Cash flows from financing activities:		
Proceeds from the sale of Series A preferred shares	3,928	7,631
Proceeds from the sale of ordinary shares to founders	19	—
Net cash provided by financing activities	3,947	7,631
Effect of exchange rates on cash and cash equivalents	22	191
Net increase in cash and cash equivalents	1,885	4,350
Cash and cash equivalents at beginning of period	—	1,885
Cash and cash equivalents at end of period	$ 1,885	$ 6,235
Supplemental disclosure of non-cash investing and financing activities:		
Issuance of ordinary shares to acquire license	$ 1,151	$ —

See accompanying notes to audited financial statements.

PearlRiver Bio GmbH

Notes to the Financial Statements

1. Nature of Operations

PearlRiver Bio GmbH (Company) is a biotechnology company founded in 2019 and is developing potent and selective oral exon20 insertion mutation inhibitors intended to have minimal activity on wild-type Epidermal growth factor receptor (EGFR) and optimal pharmacokinetic properties, for the treatment of EGFR exon 20 insertion (with potential to target and treat Her2 exon 20 insertions) non-small cell lung cancer (NSCLC). The Company is also developing oral inhibitors targeting C797S-mutant EGFR and undisclosed next generation EGFR inhibitors for NSCLC.

2. Risks and Liquidity

The Company is subject to risks common to other life science companies in the early development stage including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, development by its competitors of new technological innovations, dependence on key personnel, market acceptance of products, product liability, protection of proprietary technology, ability to raise additional financing and compliance with government regulations, in the markets in which the Company is seeking approvals, including U.S. Food and Drug Administration ("FDA") regulations. If the Company does not successfully advance its programs into and through human clinical trials and/or enter into collaborations for its programs and commercialize any of its product candidates, it may be unable to produce product revenue or achieve profitability.

The Company has incurred recurring losses and negative cash flows from operations since inception and had an accumulated deficit of $8.6 million as of December 31, 2020. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of its product candidates currently in development. Substantial additional capital will be needed by the Company to fund its operations and to develop its product candidates. In January 2021, Centessa Pharmaceuticals Limited, or Centessa, acquired 100% of the equity interests of eleven biotechnology companies, including the Company, in exchange for ordinary shares of Centessa. Concurrent with the acquisition, Centessa completed a Series A preferred equity financing, whereby Centessa received gross proceeds of $250.0 million comprised of $245.0 million in proceeds from the sale of its Series A preferred shares and the conversion of $5.0 million in convertible debt. As the Company became a wholly owned subsidiary of Centessa, future funding of the Company's operations is expected to be funded from Centessa's cash resources.

The Company's operations have consisted primarily of organizing the Company, securing financing, developing licensed technology, performing research, conducting preclinical and studies and conducting clinical trials. The Company faces risks associated with early-stage biotechnology companies whose product candidates are in development. Product candidates currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing, establishing manufacturing capacity and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital for the Company to complete its research and development, achieve its research and development objectives, defend its intellectual property rights, and recruit and retain skilled personnel, and key members of management. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales.

The Company expects that its cash and cash equivalents as of December 31, 2020, and Centessa's cash resources, will be sufficient to fund operations for at least the next twelve months from the date these financial statements were made available for issuance.

Global Pandemic – COVID-19

On March 10, 2020, the World Health Organization characterized the novel COVID-19 virus as a global pandemic. The Company is continuing to proactively monitor and assess COVID-19, global pandemic. Since early March 2020, the Company has activated a management team taskforce to assess the potential impact on its business that may result from this rapidly evolving crisis and to avoid any unnecessary potential delays to the Company's programs. At this time, the lead programs and research activities remain on track. The safety and well-being of employees, patients and partners is the Company's highest priority. At the current time, the Company is unable to quantify the potential effects of this pandemic on its future operations.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) promulgated by the Financial Accounting Standards Board (FASB). In the opinion of management, the accompanying financial statements include all normal and recurring adjustments, which consist primarily of accruals, estimates and assumptions that are considered necessary to fairly present the Company's financial position as of December 31, 2019 and 2020 and its results of operations and cash flows for period from February 15, 2019 (inception) to December 31, 2019 and for the year ended December 31, 2020.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Estimates and assumptions are periodically reviewed, and the effects of the revisions are reflected in the accompanying financial statements in the period they are determined to be necessary. The significant area that required management's estimates was the fair value of the Company's share-based compensation.

Fair Value of Financial Instruments

Management believes that the carrying amounts of the Company's financial instruments, including cash equivalents, prepaid expenses, accounts payable and accrued expenses and other current liabilities, approximate fair value due to the short-term nature of those instruments.

Concentration of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash and cash equivalents.

Share-based compensation

The Company measures share-based awards at their grant-date fair value and records compensation expense on a straight-line basis over the vesting period of the awards.

Estimating the fair value of share-based awards requires the input of subjective assumptions, including the estimated fair value of the Company's ordinary shares, and, for virtual share options, the expected life of the options and ordinary share price volatility. The Company accounts for forfeitures of virtual share options and restricted ordinary share awards as they occur. The Company uses the Black-Scholes option pricing model to value its virtual share option awards. For restricted ordinary share awards, the Company uses the estimated fair value of its ordinary shares at the grant date. The assumptions used in estimating the fair value of share-based awards represent management's estimate and involve inherent uncertainties and the application of management's judgment. As a result, if factors change and management uses different assumptions, share-based compensation expense could be materially different for future awards.

The expected life of the virtual share options are estimated using the "simplified method," as the Company has limited historical information from which to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior for its virtual share option grants. The simplified method is the midpoint between the vesting period and the contractual term of the option. For share price volatility, the Company uses comparable public companies as a basis for its expected volatility to calculate the fair value of virtual share option grants. The risk-free rate is based on the U.S. Treasury yield curve commensurate with the expected life of the virtual share option.

Research and Development

Research and development costs are expensed as incurred and consist primarily of funds paid to third parties for the provision of services for product candidate development, clinical and preclinical development and related supply and manufacturing costs, and regulatory compliance costs. The Company accrues and expenses preclinical studies and clinical trial activities performed by third parties based upon estimates of the proportion of work completed over the term of the individual trial and patient enrollment rates in accordance with agreements with clinical research organizations and clinical trial sites. The Company determines the estimates by reviewing contracts, vendor agreements and purchase orders, and through discussions with internal clinical personnel and external service providers as to the progress or stage of completion of trials or services and the agreed-upon fee to be paid for such services. However, actual costs and timing of clinical trials are highly uncertain, subject to risks and may change depending upon a number of factors, including the Company's clinical development plan.

Management makes estimates of the Company's accrued expenses as of each balance sheet date in the Company's financial statements based on facts and circumstances known to the Company at that time. If the actual timing of the performance of services or the level of effort varies from the estimate, the Company will adjust the accrual accordingly. Nonrefundable advance payments for goods and services, including fees for process development or manufacturing and distribution of clinical supplies that will be used in future research and development activities, are deferred and recognized as expense in the period that the related goods are consumed or services are performed.

Acquired In-Process Research and Development

Acquired in-process research and development (IPR&D) expense consists of the initial up-front payments incurred in connection with the acquisition or licensing of products or technologies that do not meet the definition of a business under *FASB ASC Topic 805, Business Combinations.* The Company's acquired IPR&D expense of $1.2 million during the period from February 15, 2019 (inception) through December 31, 2019 reflects the estimated fair value of the ordinary shares issued to acquire the license from of the Lead Discovery Center (see Note 5).

Income Taxes

Income taxes are accounted for under the asset-and-liability method as required by FASB ASC Topic 740, *Income Taxes* (ASC 740). 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 corresponding to the enactment date. Under ASC 740, a valuation allowance is required when it is more likely than not at all, or some portion of the deferred tax assets will not be realized through generating sufficient future taxable income.

FASB ASC Subtopic 740-10, *Accounting for Uncertainty of Income Taxes*, (ASC 740-10) defines the criterion an individual tax position must meet for any part of the benefit of the tax position to be recognized in financial statements prepared in conformity with GAAP. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not such tax position will be sustained on examination by the taxing authorities, based solely on the technical merits of the respective tax position. The tax benefits recognized in the financial statements from such a tax position should be measured based on the largest benefit having a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority. In accordance with the disclosure requirements of ASC 740-10, the Company's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of total interest expense and other expense, respectively.

Other Comprehensive Loss

Other comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The only component of other comprehensive income (loss) impacting the Company is foreign currency translation.

Foreign Currencies

The Company's financial statements are presented in U.S. dollars, the reporting currency of the Company. The Company's functional currency is the Euro. Expenses have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheets dates and equity accounts at their respective historical rates. The resulting translation gain and loss adjustments are recorded directly as a separate component of shareholders' equity and as other comprehensive loss on the statements of operations and comprehensive loss. Transactions denominated in a currency other than the Company's functional currency are remeasured based upon the exchange rate at the date of remeasurement with the resulting gain or loss included in the accompanying statements of operations and comprehensive loss.

JOBS Act Accounting Election

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) 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.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires a lessee to record a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. A

modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. As the Company has elected to use the extended transition period for complying with new or revised accounting standards as available under the Jobs Act, the standard is effective for the Company beginning January 1, 2022, with early adoption permitted. The Company is currently evaluating the impact that the standard could have on its financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020-06, "(Subtopic 470-20): *Debt—Debt with Conversion and Other Options*" ("ASU 2020-06") to address the complexity associated with applying GAAP to certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 includes amendments to the guidance on convertible instruments and the derivative scope exception for contracts in an entity's own equity and simplifies the accounting for convertible instruments which include beneficial conversion features or cash conversion features by removing certain separation models in Subtopic 470-20. Additionally, ASU 2020-06 will require entities to use the "if-converted" method when calculating diluted earnings per share for convertible instruments. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023 (fiscal year 2024 for the Company), including interim periods within those fiscal years. The Company is currently evaluating the impact that the standard could have on its financial statements and related disclosures.

4. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	December 31, 2019	December 31, 2020
Professional fees	$ 8	$ 12
Compensation and related benefits	28	21
Research and development	80	1
	$ 116	$ 34

5. Commitments and Contingencies

License and Collaboration Agreement with Lead Discovery Center GmbH for Exon20

In March 2019, the Company entered into an exclusive worldwide license agreement with Lead Discovery Center GmbH, or LDC, to further develop and commercialize, the licensed technology for Exon20. The Company is responsible for supplying all active pharmaceutical ingredients and finished drug products for exploitation. The Company is obligated to make up to $33.0 million (€27.0 million at an exchange rate of 0.82) in payments upon the achievement of development and regulatory milestones and $18.3 million (€15.0 million at an exchange rate of 0.82) upon the achievement of commercial milestones. The Company is also obligated to make future commercial milestone payments at low to mid-single digit royalty rates for net product sales and is subject to adjustment in the event the Company sublicenses the approved technology. In addition, the Company is obligated to fund any patent related costs associated with the licensed technology. The Company issued 9,177 ordinary shares to LDC with an estimated fair value of $125.39 per share for aggregate consideration of $1.1 million which was immediately expensed as the license has no alternative future use.

Concurrent with entering into the license agreement, the Company entered into a collaboration arrangement with LDC whereby LDC is providing ongoing research and development services to the Company. The Company recognizes research and development expenses associated with the collaboration as services are provided.

License Agreement with Lead Discovery Center GmbH for C797

In May 2020, the Company entered into an exclusive worldwide license agreement with Lead Discovery Center GmbH, or LDC, to further develop and commercialize, the licensed technology for C797S. The Company is

responsible for supplying all active pharmaceutical ingredients and finished drug products for exploitation. The Company made an upfront payment to LDC of $86,000 that was immediately expensed within research and development expenses as the license has no alternative future use. The Company is obligated to make up to $9.5 million (€7.8 million at an exchange rate of 0.82) in payments upon the achievement of development and regulatory milestones and $12.2 million (€10.0 million at an exchange rate of 0.82) upon the achievement of commercial milestones. The Company is also obligated to make future commercial milestone payments at low single digit royalty rates for net product sales and is subject to adjustment in the event the Company sublicenses the approved technology. In addition, the Company is obligated to fund any patent related costs associated with the licensed technology.

Employment Agreements

The Company has entered into employment agreements with key personnel providing for compensation and severance, in certain circumstances, as described in the respective employment agreements.

Litigation

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. There are no matters currently outstanding.

6. Convertible Preferred Shares and Ordinary Shares

Ordinary shares

Each ordinary share entitles the holder to one vote on all matters submitted to a vote of the Company's shareholders. Subject to the rights of holders of convertible preferred shares, ordinary shareholders are entitled to receive dividends, as may be declared by the board of directors, if any. No dividends had been declared through December 31, 2020.

Convertible preferred shares

The Company has Series A convertible preferred shares, which are classified outside of shareholders' deficit because the shares contain deemed liquidation rights that are contingent redemption features not solely within the control of the Company. In 2019, the Company completed an equity financing in which the Company issued and sold 33,333 Series A convertible preferred shares in exchange for $37.8 million (€33.0 million at an exchange rate of 0.88). Investors are subject to capital call requirements for an aggregate amount of €20 million ($22.7 million at an exchange rate of 0.88) if certain milestones are met. In 2019, the Company received $3.9 million (€3.5 million at an exchange rate of 0.89) in capital contributions in relation to these milestone requirements. In 2020, the Company received $7.6 million (€6.5 million at an exchange rate of 0.85) in capital contributions related to these milestone requirements. As of December 31, 2020, the series A investors are subject to an additional capital call totaling €10 million ($12.2 million at an exchange rate of 0.82) related to the last milestone. Upon entering into the merger agreement with Centessa Pharmaceuticals in February 2021, all future funding obligations were transferred to Centessa Pharmaceuticals.

The Company determined that the future funding obligations did not meet the definition of a freestanding financial instrument as they were not legally detachable. The future funding obligations were also evaluated as embedded derivatives and the Company determined they did not meet the definition of a derivative instrument for which bifurcation would be required.

Dividends

The holders of Series A preferred shares, in preference to holders of any other class or series, are entitled to a non-cumulative dividend, if and when declared by the Company's board of directors. In the event a dividend is declared to ordinary shareholders, holders of Series A will also receive an equivalent dividend on an "as-converted" basis. No dividends were declared or paid during the period from February 15, 2019 (inception) through December 31, 2019 and the year ended December 31, 2020.

Voting

The holders of Series A preferred shares are entitled to one vote for each ordinary share of preferred shares may be converted and, subject to certain preferred share class votes specified in the Company's articles of association or as required by law, the holders of the preferred shares and ordinary shares vote together on an as-converted basis.

Liquidation preference

In the event of a liquidation, dissolution or winding up of the Company, either voluntary or involuntary, or in the event of a deemed liquidation event, which includes a sale of the Company as defined in the Company's articles of association, holders of Series A shares are entitled to receive, in preference to all other stockholders, an amount equal to the original issuance price plus any declared and unpaid dividends. If upon the occurrence of such event, the assets and funds available for distribution are insufficient to pay such holders the full amount to which they are entitled, then the entire assets and funds legally available for distribution shall be distributed ratably among the holders of the Series A preferred shares in proportion to the full amounts to which they would otherwise be entitled.

After payment in full of the liquidation preference of the Series A preferred shares, any remaining assets shall be distributed ratably to the holders of ordinary shares pro rata based on their respective shareholdings.

Conversion

Each share of Series A is convertible into ordinary shares at any time at the option of the holder thereof at the conversion price then in effect. All shares of Series A are convertible into ordinary shares at the affirmative election of the holders of at least a majority of the outstanding shares of preferred stock at the conversion price then in effect.

The Company may at any time require the conversion of all outstanding preferred shares upon an initial public offering of its ordinary shares.

7. Share-Based Compensation

Ordinary Shares Awards

In February and March 2019, the Company entered into share purchase arrangements with several founders and executives, whereby the founders and executives purchased an aggregate of 16,316 ordinary shares at a €1.00 per share and an estimated fair value of €110.13 per share. The shares are subject to future vesting and generally vest 25% at the time of grant and ratably thereafter on a quarterly basis for a total vesting period of three years. In the event the founders or executives cease to provide services to the Company, any unvested ordinary shares are subject to forfeiture. 7,142 and 4,082 shares had vested during the period from February 15, 2019 through December 31, 2019 and during the year ended December 31, 2020, respectively. As of December 31, 2020, the total unrecognized compensation expense related to unvested shares was $0.6 million, which the Company expects to recognize over a weighted-average period of 1.14 years. During the period from February 15, 2019 (inception) through December 31, 2019 and for the year ended December 31, 2020, the Company recognized share based compensation expense of approximately $0.9 million and $0.5 million, respectively and is recognized as research and development expense within the accompanying statements of operation and comprehensive loss.

Virtual Stock Option Plan

In 2019, the Company adopted a virtual stock option plan, or VSOP, for its employees. As of December 31, 2020, there were 523 awards available for future issuance under the plan. A virtual share does not represent a

direct interest in the Company and has no voting rights. The virtual shares are issued at no cost and with a notional value of €1.00 per share. The awards vest 25% on the anniversary of the grant date and ratably each quarter thereafter for the remaining three years. Awards have a contractual term of 10 years and settlement occurs upon consummation of a change in control event or an initial public offering of the Company's ordinary shares. Upon occurrence of such events, holders of the virtual shares are entitled to the same form of consideration received by ordinary shareholders. During the period from February 15, 2019 (inception) through December 31, 2019 and for the year ended December 31, 2020, the Company recognized share based compensation expense of approximately $0.1 million and $0.2 million, respectively and is recognized as research and development expense within the accompanying statements of operations and comprehensive loss.

The following table summarizes the virtual share activity for the periods presented:

	Shares	Weighted-Average Remaining Contract Term (Years)	Weighted-Average Grant-Date Fair Value (€)
Outstanding at February 15, 2019 (inception)	—		
Granted	3,267		€ 109.30
Outstanding at December 31, 2019	3,267	9.21	
Granted	2,091		€ 231.21
Outstanding at December 31, 2020	5,358	8.67	
Vested at December 31, 2020	1,429	8.20	€ 109.30
Unvested as of December 31, 2020	3,929	8.84	€ 164.60

As of December 31, 2020, the total unrecognized compensation expense related to unvested virtual share awards was $0.7 million (€0.6 million at an exchange rate of 0.82), which the Company expects to recognize over a weighted-average 2.04 years.

8. Income Taxes

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities were as follows:

	December 31,	
(in thousands)	2019	2020
Deferred tax assets:		
Net operating losses	$ 780	$ 2,009
Fixed assets	1	38
Deferred tax assets	781	2,047
Less: valuation allowance	(781)	(2,047)
	$ —	$ —

In assessing the need for a valuation allowance, management must determine that there will be sufficient taxable income to allow for the realization of deferred tax assets. Based upon the historical and anticipated future losses, management has determined that the deferred tax assets do not meet the more-likely-than-not threshold for realizability. Accordingly, a full valuation allowance has been recorded against the Company's net deferred tax assets as of December 31, 2019 and 2020. The valuation allowance increased by approximately $0.8 million and $1.3 million during the period from February 15, 2019 (inception) through December 31, 2019 and for the year ended December 31, 2020, respectively.

A reconciliation of the German income tax rate to the Company's effective tax rate is as follows:

	Period from February 15, 2019 (inception) through December 31, 2019	Year Ended December 31, 2020
Statutory tax rate	32.8%	32.8%
Stock compensation expense	(7.3)%	— %
Non-deductible IPR&D	(8.2)%	— %
Non-taxable R&D credit	— %	(0.1)%
Change in valuation allowance	(17.3)%	(32.7)%
	— %	— %

The Company has a net operating loss carryforward of $6.1 million as of December 31, 2020. Net operating loss carryforwards do not expire. The NOL carryforwards may be lost in certain circumstances after a change in control, as defined in German tax law.

Tax positions taken or expected to be taken in the course of preparing the Company's tax returns are required to be evaluated to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet a more-likely-than-not threshold, as well as accrued interest and penalties, if any, would be recorded as interest and penalties expense in the current year. There were no uncertain tax positions that require accrual or disclosure to the financial statements as of December 31, 2019 and 2020.

The German Research Allowance Act (Forschungszulagengesetz), introducing a federal research and development subsidy, was passed in 2019. According to this Act, a tax-free subsidy of 25% of salaries and wages for certain research and development purposes shall be guaranteed up to a limit of €0.5 million per year.

In response to the COVID-19 pandemic, the assessment basis for the research and development allowance in Germany was increased with effect from July 1, 2020, for a limited period until June 30, 2026. During this period, the maximum amount of the research and development allowance is €1.0 million per year. The Company benefits from this incentive. It is fully refundable to the Company and is not dependent on current or future taxable income. As a result, the Company has recorded the entire benefit from the incentive as a reduction to research and development expenses and is not reflected as part of the income tax provision.

9. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 12, 2021, the date at which the financial statements were available to be issued, and determined that there are no other items to disclose.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors
Orexia Limited
London, United Kingdom

We have audited the accompanying financial statements of Orexia Limited, which comprise the balance sheets as of December 31, 2019 and 2020, and the related statements of operations and comprehensive loss, convertible preferred shares and shareholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orexia Limited as of December 31, 2019 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Frazier & Deeter, LLC
Tampa, Florida
March 12, 2021

Orexia Limited
Balance Sheets

(in thousands, except share data)	December 31, 2019	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 4,381	$ 2,085
Research tax incentive receivable	864	2,232
Prepaid expenses and other current assets	185	161
Total assets and current assets	$ 5,430	$ 4,478
Liabilities, convertible preferred shares and shareholders' deficit		
Current liabilities:		
Accounts payable	$ 41	$ 146
Accrued expenses and other current liabilities	1,080	715
Loan with related party	—	1,369
Total liabilities and current liabilities	1,121	2,230
Series A convertible preferred shares £0.0001 nominal value: 4,200,000 shares authorized, issued and outstanding; (liquidation value of $11,576 at December 31, 2020)	7,735	10,652
Commitments and contingencies (Note 6)		
Shareholders' deficit:		
Ordinary shares, £0.0001 nominal value 1,199,151 shares authorized, issued and outstanding at December 31, 2019 and 2020.	—	—
B ordinary shares, £0.0001 nominal value 575,908 and 680,980 shares authorized and issued as of December 31, 2019 and 2020, and 0 and 247,086 shares outstanding at December 31, 2019 and 2020.	—	—
Additional paid-in capital	2,310	2,574
Accumulated other comprehensive income	138	115
Accumulated deficit	(5,874)	(11,093)
Total shareholders' deficit	(3,426)	(8,404)
Total liabilities, convertible preferred shares and shareholders' deficit	$ 5,430	$ 4,478

See accompanying notes to audited financial statements.

Orexia Limited
Statements of Operations and Comprehensive Loss

(in thousands)	Year Ended December 31, 2019	Year Ended December 31, 2020
Operating expenses:		
Research and development	$ 3,565	$ 4,911
Acquired in-process research and development	2,073	—
General and administrative	228	253
Loss from operations	(5,866)	(5,164)
Interest expense, net	(3)	(51)
Foreign currency loss	(5)	(4)
Net loss	$ (5,874)	$ (5,219)
Other comprehensive income:		
Foreign currency translation adjustment	138	(23)
Total comprehensive loss	$ (5,736)	$ (5,242)

See accompanying notes to audited financial statements.

Orexia Limited
Statements of Convertible Preferred Shares and Shareholders' Deficit
(in thousands, except share data)

	Convertible preferred shares		Shareholders' deficit							
	Series A		Ordinary		B Ordinary					
	Shares	Amount	Shares	Amount	Shares	Amount	Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total
Balance at January 1, 2019	—	$ —	—	$ —	—	$ —	$ —	$ —	$ —	$ —
Sale of Series A convertible preferred shares	4,200,000	7,735	—	—	—	—	—	—	—	—
Issuance of ordinary shares to acquire license	—	—	1,199,151	—	—	—	2,073	—	—	2,073
Issuance of B ordinary shares	—	—	—	—	575,908	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	—	237	—	—	237
Foreign currency translation adjustment	—	—	—	—	—	—	—	138	—	138
Net loss	—	—	—	—	—	—	—	—	(5,874)	(5,874)
Balance at December 31, 2019	4,200,000	7,735	1,199,151	—	575,908	—	2,310	138	(5,874)	(3,426)
Proceeds from Series A capital contribution	—	2,917	—	—	—	—	—	—	—	—
Issuance of B ordinary shares	—	—	—	—	105,072	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	—	264	—	—	264
Foreign currency translation adjustment	—	—	—	—	—	—	—	(23)	—	(23)
Net loss	—	—	—	—	—	—	—	—	(5,219)	(5,219)
Balance at December 31, 2020	4,200,000	$10,652	1,199,151	$ —	680,980	$ —	$ 2,574	$ 115	$ (11,093)	$(8,404)

See accompanying notes to audited financial statements.

Orexia Limited
Statements of Cash Flows

(in thousands)	Year Ended December 31, 2019	Year Ended December 31, 2020
Cash flows from operating activities:		
Net loss	$ (5,874)	$ (5,219)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	237	264
Acquired in-process research and development	2,073	—
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(177)	28
Research tax incentive receivable	(831)	(1,257)
Accounts payable	40	98
Accrued expenses and other current liabilities	1,041	(376)
Net cash used in operating activities	(3,491)	(6,462)
Cash flows from financing activities:		
Proceeds from loan with related party	—	1,332
Proceeds from the sale of Series A convertible preferred stock	7,735	2,917
Net cash provided by financing activities	7,735	4,249
Effect of exchange rate changes on cash and cash equivalents	137	(83)
Net increase (decrease) in cash and cash equivalents	4,381	(2,296)
Cash and cash equivalents at beginning of year	—	4,381
Cash and cash equivalents at end of year	$ 4,381	$ 2,085
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ —	$ —
Non-cash investing and financing activities:		
Issuance of ordinary shares to acquire license	$ 2,073	$ —

See accompanying notes to audited financial statements.

Orexia Limited

Notes to the Financial Statements

1. Nature of Operations

Orexia Limited (the Company), a United Kingdom corporation incorporated in October 2018, is a clinical stage pharmaceutical company developing medicines for the treatment of narcolepsy. The Company is designing novel oral small molecule OX2R and intranasal OX2R agonists and positive modulators, which would influence orexin neurotransmission differently. The Company is in its preclinical trial phase.

2. Risks and Liquidity

The Company is subject to risks common to other life science companies in the early development stage including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, development by its competitors of new technological innovations, dependence on key personnel, market acceptance of products, product liability, protection of proprietary technology, ability to raise additional financing and compliance with government regulations, in the markets in which the Company is seeking approvals, including U.S. Food and Drug Administration ("FDA") regulations. If the Company does not successfully advance its programs into and through human clinical trials and/or enter into collaborations for its programs and commercialize any of its product candidates, it may be unable to produce product revenue or achieve profitability.

The Company has incurred recurring losses and negative cash flows from operations since inception and had an accumulated deficit of $11.1 million as of December 31, 2020. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of its product candidates currently in development. Substantial additional capital will be needed by the Company to fund its operations and to develop its product candidates. In January 2021, Centessa Pharmaceuticals Limited, or Centessa, acquired 100% of the equity interests of eleven biotechnology companies, including the Company, in exchange for ordinary shares of Centessa. Concurrent with the acquisition, Centessa completed a Series A preferred equity financing, whereby Centessa received gross proceeds of $250.0 million comprised of $245.0 million in proceeds from the sale of its Series A preferred shares and the conversion of $5.0 million in convertible debt. As the Company became a wholly owned subsidiary of Centessa, future funding of the Company's operations is expected to be funded from Centessa's cash resources.

The Company's operations have consisted primarily of organizing the Company, securing financing, developing licensed technology, performing research, conducting preclinical and studies and conducting clinical trials. The Company faces risks associated with early-stage biotechnology companies whose product candidates are in development. Product candidates currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing, establishing manufacturing capacity and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital for the Company to complete its research and development, achieve its research and development objectives, defend its intellectual property rights, and recruit and retain skilled personnel, and key members of management. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales.

The Company expects that its cash and cash equivalents as of December 31, 2020, and the proceeds received by Centessa from its Series A financing, will be sufficient to fund operations for at least the next twelve months from the date these financial statements were made available for issuance.

Global Pandemic – COVID-19

On March 10, 2020, the World Health Organization characterized the novel COVID-19 virus as a global pandemic. The Company is continuing to proactively monitor and assess COVID-19, global pandemic. Since

early March 2020 the Company has activated a management team taskforce to assess the potential impact on its business that may result from this rapidly evolving crisis and to avoid any unnecessary potential delays to the Company's programs. At this time, the lead programs and research activities remain on track. The safety and well-being of employees, patients and partners is the Company's highest priority. At the current time, the Company is unable to quantify the potential effects of this pandemic on its future operations.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) promulgated by the Financial Accounting Standards Board (FASB). In the opinion of management, the accompanying financial statements include all normal and recurring adjustments, which consist primarily of accruals, estimates and assumptions that are considered necessary to present fairly the Company's financial position as of December 31, 2019 and 2020 and its results of operations and cash flows for the years ended December 31, 2019 and 2020.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Estimates and assumptions are periodically reviewed, and the effects of the revisions are reflected in the accompanying financial statements in the period they are determined to be necessary. Significant areas that required management's estimates included the research tax incentive receivable and the fair value of the Company's shared based compensation.

Fair Value of Financial Instruments

Management believes that the carrying amounts of the Company's financial instruments, including cash equivalents, research tax incentive receivable, prepaid expenses, accounts payable, accrued expenses and other current liabilities and loan with related party, approximate fair value due to the short-term nature of those instruments.

Concentration of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, cash equivalents, and marketable securities. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash and cash equivalents.

Cash and cash equivalents

The Company considers all highly liquid investments that have maturities of three months or less when acquired to be cash equivalents.

Research Tax Incentive Receivable

The research tax credit is granted to companies by the United Kingdom tax authorities in order to encourage them to conduct technical and scientific research. Companies that have expenditures that meet the required criteria within the United Kingdom receive a tax credit that can be used for the payment of the corporate tax due for the fiscal year in which the expenditures were made and the next three fiscal years, or can be reimbursed in cash.

The expenses taken into account for the calculation of the credit involve only research expenses. The Company's estimate of the amount of cash refund it expects to receive related to the tax credit is included in tax incentive receivables in the accompanying balance sheets and such amounts are recorded as reduction of research and development expense in the statements of operations and comprehensive loss. During the years ended December 31, 2019 and 2020, the Company recorded reductions to research and development expenses of $0.8 million and $1.3 million, respectively.

Share-based compensation

The Company measures share-based awards at their grant-date fair value and records compensation expense on a straight-line basis over the vesting period of the awards. Estimating the fair value of share-based awards requires the input of subjective assumptions, including the estimated fair value of the Company's ordinary shares. Options with nominal exercise prices are accounted for as restricted share-based payments.

Research and Development

Research and development costs are expensed as incurred and consist primarily of funds paid to third parties for the provision of services for product candidate development, clinical and preclinical development and related supply and manufacturing costs, and regulatory compliance costs. The Company accrues and expenses preclinical studies and clinical trial activities performed by third parties based upon estimates of the proportion of work completed over the term of the individual trial and patient enrollment rates in accordance with agreements with clinical research organizations and clinical trial sites. The Company determines the estimates by reviewing contracts, vendor agreements and purchase orders, and through discussions with internal clinical personnel and external service providers as to the progress or stage of completion of trials or services and the agreed-upon fee to be paid for such services. However, actual costs and timing of clinical trials are highly uncertain, subject to risks and may change depending upon a number of factors, including the Company's clinical development plan.

Management makes estimates of the Company's accrued expenses as of each balance sheet date in the Company's consolidated financial statements based on facts and circumstances known to the Company at that time. If the actual timing of the performance of services or the level of effort varies from the estimate, the Company will adjust the accrual accordingly. Nonrefundable advance payments for goods and services, including fees for process development or manufacturing and distribution of clinical supplies that will be used in future research and development activities, are deferred and recognized as expense in the period that the related goods are consumed or services are performed.

Acquired In-Process Research and Development

Acquired in-process research and development, (IPR&D), expense consists of the initial up-front payments incurred in connection with the acquisition or licensing of products or technologies that do not meet the definition of a business under FASB ASC Topic 805, *Business Combinations*. The Company's acquired IPR&D expense of $2.1 million during the year ended December 31, 2019 and reflects the estimated fair value of the Company's ordinary shares issued to acquire the license from Heptares Therapeutics (see Note 6).

Income Taxes

Income taxes are accounted for under the asset-and-liability method as required by FASB ASC Topic 740, *Income Taxes* (ASC 740). 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 corresponding to the enactment date. Under ASC 740, a valuation allowance is required when it is more likely than not all, or some portion of the deferred tax assets will not be realized through generating sufficient future taxable income.

FASB ASC Subtopic 740-10, *Accounting for Uncertainty of Income Taxes*, (ASC 740-10) defines the criterion an individual tax position must meet for any part of the benefit of the tax position to be recognized in financial statements prepared in conformity with GAAP. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not such tax position will be sustained on examination by the taxing authorities, based solely on the technical merits of the respective tax position. The tax benefits recognized in the financial statements from such a tax position should be measured based on the largest benefit having a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority. In accordance with the disclosure requirements of ASC 740-10, the Company's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of total interest expense and other expense, respectively.

Other Comprehensive Income

Other comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The only component of other comprehensive income impacting the Company is foreign currency translation.

Foreign Currencies

The Company's financial statements are presented in U.S. dollars, the reporting currency of the Company. The Company's functional currency is the British Pound. Expenses have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheets dates and equity accounts at their respective historical rates. The resulting translation gain and loss adjustments are recorded directly as a separate component of shareholders' equity and as other comprehensive income (loss) on the statements of operations and comprehensive loss. Transactions denominated in a currency other than the Company's functional currency are remeasured based upon the exchange rate at the date of remeasurement with the resulting gain or loss included in the accompanying statements of operations and comprehensive loss.

JOBS Act Accounting Election

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) 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.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires a lessee to record a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. A modified retrospective transition approach is required for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. As the Company has elected to use the extended transition period for complying with new or revised accounting standards as available under the Jobs Act, the standard is effective for the Company beginning January 1, 2022, with early adoption permitted. The Company is currently evaluating the expected impact that the standard could have on its financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020-06, "(Subtopic 470-20): *Debt—Debt with Conversion and Other Options*" ("ASU 2020-06") to address the complexity associated with applying GAAP to certain financial

instruments with characteristics of liabilities and equity. ASU 2020-06 includes amendments to the guidance on convertible instruments and the derivative scope exception for contracts in an entity's own equity and simplifies the accounting for convertible instruments which include beneficial conversion features or cash conversion features by removing certain separation models in Subtopic 470-20. Additionally, ASU 2020-06 will require entities to use the "if-converted" method when calculating diluted earnings per share for convertible instruments. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023 (fiscal year 2024 for the Company), including interim periods within those fiscal years. The Company is currently evaluating the impact of ASU 2020-06 on financial position, results of operations or cash flows. The impact on our diluted earnings per share could be material upon the adoption of ASU 2020-06.

4. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	December 31, 2019	December 31, 2020
Compensation and related benefits	$ 1,080	$ 715

5. Loan with Related Party

In December 2020, the Company entered into a loan agreement with Inexia Limited, a biotechnology company owned by the Company's shareholders and received aggregate proceeds of $1.3 million. The loan bears interest at a rate of 2.1% and matures at the earlier of (i) a share sale of the Company, (ii) an insolvency event occurring for the Company and (iii) upon demand. Interest expense was de minimis for the year ended December 31, 2020.

6. Commitments

Research Collaboration and License Agreement

In September 2019, the Company entered into a world-wide exclusive research collaboration and license agreement with X-Chem, Inc, or X-Chem, to further develop and commercialize, the licensed technology for the OX2. The Company is responsible for supplying all active pharmaceutical ingredients and finished drug products for exploitation. The Company made an upfront payment to X-Chem of $300,000 that was immediately expensed within research and development expenses as the license has no alternative future use. The Company is also required to make additional payments contingent upon approval to advance to particular series. The Company is obligated to make up to $24.8 million in payments upon the achievement of development and regulatory milestones and $60 million upon the achievement of commercial milestones. The Company is also obligated to make future commercial milestone payments at low single digit royalty rates for net product sales and is subject to adjustment in the event the Company sublicenses the approved technology.

Amended and Restated License, Assignment, and Research Services Agreement

In January 2019, the Company entered into an exclusive worldwide license agreement with Heptares Therapeutics Limited, or Heptares, to further develop and commercialize, the licensed technology for Orexin Agonist. The Company is responsible for supplying all active pharmaceutical ingredients and finished drug product for exploitation. The Company is obligated to make up to $17.2 million (£12.6 million at an exchange rate of 0.73) in payments upon the achievement of development and regulatory milestones. The Company is also obligated to make future commercial milestone payments at low to mid-single digit royalty rates for net product sales and is subject to adjustment in the event the Company sublicenses the approved technology. In addition, the Company is obligated to fund any development related costs associated with the licensed technology. Upon entering into the license agreement, the Company issued 1,199,151 ordinary shares to Heptares with a nominal value of £0.0001 per share with an estimated fair value of $2.1 million.

Material Transfer Agreement and Use License

In August 2019, the Company entered into a material transfer and use license agreement with Nagoya University, or Nagoya, for the transfer and use of the licensed technology for Orexin-tTA mouse line. The Company is responsible for all pre-agreed delivery charges. The Company made an upfront payment of $7,500 that was immediately expensed within research and development as the license has no alternative future use.

Employment Agreements

The Company has entered into employment agreements with key personnel providing for compensation and severance in certain circumstances, as described in the respective employment agreements.

Litigation

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. There are no matters currently outstanding.

7. Convertible Preferred Shares and Ordinary Shares

Ordinary shares

Each share of ordinary shares and B ordinary shares entitles the holder to one vote on all matters submitted to a vote of the Company's shareholders. Subject to the rights of holders of convertible preferred shares, ordinary and B ordinary shareholders are entitled to receive dividends, as may be declared by the board of directors, if any. No dividends had been declared through December 31, 2020.

Convertible preferred shares

The Company has Series A convertible preferred shares, which are classified outside of shareholders' deficit because the shares contain deemed liquidation rights that are contingent redemption features not solely within the control of the Company. In 2019, the Company completed an equity financing in which the Company issued and sold 4,200,000 Series A convertible preferred shares in exchange for $5.0 million (€4.4 million at an exchange rate of 0.88). Investors are subject to capital call requirements for an aggregate amount of €20 million ($22.7 million at an exchange rate of 0.88) if certain milestones are met. In 2019, the Company received $2.8 million (€2.5 million at an exchange rate of 0.90) in capital contributions in relation to these milestone requirements. In 2020, the Company received $2.9 million (€2.7 million at an exchange rate of 0.92) in capital contributions related to these milestone requirements. As of December 31, 2020, the Series A investors are subject to an additional capital call totaling €10.4 million ($12.7 million at an exchange rate of 0.82) related to the last milestone. Upon entering into the merger agreement with Centessa Pharmaceuticals in February 2021, all funding obligations were transferred to Centessa Pharmaceuticals.

Dividends

The holders of Series A preferred shares, are entitled to dividends, if and when declared by the Company's board of directors. No dividends were declared or paid during the years ended December 31, 2019 and 2020.

Voting

The holders of Series A preferred shares are entitled to one vote for each ordinary share of preferred shares may be converted and certain significant company events require majority approval from the Series A preferred shareholders as a separate class.

Liquidation preference

In the event of a liquidation, dissolution or winding up of the Company, either voluntary or involuntary, or in the event of a deemed liquidation event, which includes a sale of the Company as defined in the Company's articles of association, holders of Series A shares are entitled to receive, in preference to all other shareholders, an amount equal to the original issuance price plus any declared and unpaid dividends. If upon the occurrence of such event, the assets and funds available for distribution are insufficient to pay such holders the full amount to which they are entitled, then the entire assets and funds legally available for distribution shall be distributed ratably among the holders of the Series A preferred shares in proportion to the full amounts to which they would otherwise be entitled.

After payment in full of the liquidation preference of the Series A preferred shares, any remaining assets shall be distributed ratably to the holders of ordinary and B ordinary shares.

Conversion

Each share of Series A is convertible into ordinary shares at any time at the option of the holder thereof at the conversion price then in effect. All shares of Series A are convertible into ordinary shares at the affirmative election of the holders of at least a majority of the outstanding shares of preferred stock at the conversion price then in effect.

The Company may at any time require the conversion of all outstanding preferred shares upon an initial public offering of its ordinary shares.

8. Share-Based Compensation

The Company grants equity incentive shares, designated as B ordinary shares, to its employees, executives, and consultants and are purchased by the recipient for a nominal amount within one year from grant date. Generally, the awards vest over 4 years, 25% on the first anniversary of the grant date and ratably each quarter thereafter. Upon a change in control event or an initial public offering of the Company's ordinary shares, the B ordinary shares convert, on a 1:1 basis, into ordinary shares. The Company accounts for B ordinary shares as restricted shares for share-based compensation purposes as the purchase price is nominal. Share-based compensation expense is recorded within research and development expenses within the Company's statement of operations and comprehensive loss. The Company recognized share-based compensation of approximately $0.2 million for each of years ended December 31, 2019 and 2020, respectively.

	Shares	Weighted Average Grant Date Fair Value
Nonvested af January 1, 2019	—	
Granted and exercised	575,908	$ 1.73
Nonvested af December 31, 2019	575,908	$ 1.73
Granted and exercised	105,072	$ 2.36
Vested	(247,086)	$ 1.73
Nonvested at December 31, 2020	433,894	$ 1.89

As of December 31, 2020, the total unrecognized compensation expense related to B ordinary shares was $0.8 million, which the Company expects to recognize over a weighted-average period of 1.8 years.

9. Income Taxes

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities were as follows:

(in thousands)	December 31 2019	December 31 2020
Deferred tax assets:		
Net operating loss carryforwards	$ 357	$ 931
Fixed assets	186	190
Deferred tax assets	542	1,121
Less: valuation allowance	(542)	(1,121)
	$ —	$ —

In assessing the need for a valuation allowance, management must determine that there will be sufficient taxable income to allow for the realization of deferred tax assets. Based upon the historical and anticipated future losses, management has determined that the deferred tax assets do not meet the more-likely-than-not threshold for realizability. Accordingly, a full valuation allowance has been recorded against the Company's net deferred tax assets as of December 31, 2020 and 2019. The valuation allowance increased by approximately $0.5 million and $ 0.6 million during the years ended December 31, 2019 and December 31, 2020, respectively.

A reconciliation of the United Kingdom tax rate to the Company's effective tax rate is as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2020
Tax at statutory rate benefit	19%	19%
Stock compensation	(1%)	(1%)
IP research and development	(7%)	— %
Research and development	(5%)	(9%)
Change in tax rate	(1%)	1%
Change in valuation allowance	(5%)	(10%)
	— %	— %

The Company has UK NOL carryforwards and research and development tax credits of approximately $4.9 million as of December 31, 2020 and they do not expire. The NOL carryforwards may be lost in certain circumstances after a change in control, as defined in UK tax law.

The Company will recognize interest and penalties related to uncertain tax positions as a component of income tax expense. As of December 31, 2020, the Company had no accrued interest or penalties related to uncertain tax positions and no amounts have been recognized in the Company's statement of operations. Due to NOL and tax credit carry forwards that remain unutilized, income tax returns for tax years from 2019 and 2020 remain subject to examination by the taxing jurisdictions. The NOL carryforwards remain subject to review until utilized.

Tax positions taken or expected to be taken in the course of preparing the Company's tax returns are required to be evaluated to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet a more-likely-than-not threshold, as well as accrued interest and penalties, if any, would be recorded as an interest and penalties expense in the current year. There were no uncertain tax positions that require accrual or disclosure to the financial statements as of December 31, 2019 and 2020.

10. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 12, 2021, the date at which the financial statements were available to be issued, and determine that there are no other items to disclose.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors
Inexia Limited
London, United Kingdom

We have audited the accompanying financial statements of Inexia Limited, which comprise the balance sheets as of December 31, 2019 and 2020, and the related statements of operations and comprehensive loss, convertible preferred shares and shareholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inexia Limited as of December 31, 2019 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Frazier & Deeter, LLC
Tampa, Florida
March 12, 2021

Inexia Limited
Balance Sheets

(in thousands, except share data)	December 31, 2019	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 6,531	$ 1,166
Research tax incentive receivable	531	1,361
Prepaid expenses and other current assets	107	109
Loan receivable with related party	—	1,369
Total assets and current assets	$ 7,169	$ 4,005
Liabilities, convertible preferred shares and shareholders' deficit		
Current liabilities:		
Accounts payable	$ 41	$ 138
Accrued expenses and other current liabilities	606	253
Total liabilities and current liabilities	647	391
Commitments and contingencies (note 6)		
Convertible preferred shares, £0.0001 nominal value:		
Series A convertible preferred shares: 4,000,000 shares authorized, issued and outstanding (liquidation value of $10,177 at December 31, 2020)	9,361	9,361
Shareholders' deficit:		
Ordinary shares, £0.0001 nominal value: 1,142,049 shares authorized, issued and outstanding	—	—
B ordinary shares, £0.0001 nominal value: 548,482 and 648,550 shares authorized and issued, 0 and 235,319 shares outstanding at December 31, 2019 and 2020, respectively	—	—
Additional paid-in capital	2,410	2,675
Accumulated other comprehensive income	63	80
Accumulated deficit	(5,312)	(8,502)
Total shareholders' deficit	(2,839)	(5,747)
Total liabilities, convertible preferred shares and shareholders' deficit	$ 7,169	$ 4,005

See accompanying notes to audited financial statements.

Inexia Limited
Statements of Operations and Comprehensive Loss

(in thousands)	Year Ended December 31, 2019	Year Ended December 31, 2020
Operating expenses:		
Research and development	$ 2,445	$ 3,001
Acquired in-process research and development	2,171	—
General and administrative	693	157
Loss from operations	(5,309)	(3,158)
Foreign currency loss	(3)	(32)
Net loss	$ (5,312)	$ (3,190)
Other comprehensive income:		
Foreign exchange translation adjustment	63	17
Comprehensive loss	$ (5,249)	$ (3,173)

See accompanying notes to audited financial statements.

Inexia Limited
Statements of Convertible Preferred Shares and Shareholders' Deficit
(in thousands except share data)

	Convertible preferred shares		Shareholders' deficit							
	Series A		Ordinary		B Ordinary					
	Shares	Amount	Shares	Amount	Shares	Amount	Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total
Balance at January 1, 2019	—	$ —	—	$ —	—	$ —	$ —	$ —	$ —	$ —
Issuance of Series A convertible preferred shares, net	4,000,000	9,361	—	—	—	—	—	—	—	—
Issuance of ordinary shares to acquire license	—	—	1,142,049	—	—	—	2,171	—	—	2,171
Issuance of B ordinary shares	—	—	—	—	548,482	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	—	239	—	—	239
Foreign currency translation adjustments	—	—	—	—	—	—	—	63	—	63
Net loss	—	—	—	—	—	—	—	—	(5,312)	(5,312)
Balance at December 31, 2019	4,000,000	9,361	1,142,049	—	548,482	—	2,410	63	(5,312)	(2,839)
Issuance of B ordinary shares	—	—	—	—	100,068	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	—	265	—	—	265
Foreign currency translation adjustments	—	—	—	—	—	—	—	17	—	17
Net loss	—	—	—	—	—	—	—	—	(3,190)	(3,190)
Balance at December 31, 2020	4,000,000	$9,361	1,142,049	$ —	648,550	$ —	$ 2,675	$ 80	$ (8,502)	$(5,747)

See accompanying notes to audited financial statements.

Inexia Limited
Statements of Cash Flows

(in thousands)	Year Ended December 31, 2019	Year Ended December 31, 2020
Cash flows from operating activities:		
Net loss	$ (5,312)	$ (3,190)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	239	265
Acquired in-process research and development	2,171	—
Changes in operating assets and liabilities:		
Research tax incentives receivable	(511)	(763)
Prepaid expenses and other assets	(102)	1
Accounts payable	40	90
Accrued expenses and other current liabilities	581	(349)
Net cash used in operating activities	(2,894)	(3,946)
Cash flows from investing activities:		
Issuance of related party loan	—	(1,332)
Net cash used investing activities	—	(1,332)
Cash flows from financing activities:		
Proceeds from the sale of Series A convertible preferred shares, net	9,361	—
Net cash provided by financing activities	9,361	—
Effect of exchange rate changes on cash and cash equivalents	64	(87)
Net increase (decrease) in cash and cash equivalents	6,531	(5,365)
Cash and cash equivalents at beginning of year	—	6,531
Cash and cash equivalents at end of year	$ 6,531	$ 1,166

See accompanying notes to audited financial statements.

Inexia Limited

Notes to the Financial Statements

1. Nature of Operations

Inexia Limited (the Company), a biotechnology company founded in 2018, is a clinical stage pharmaceutical company developing medicines for the treatment of narcolepsy, a rare neurological condition that affects the brain's ability to regulate the normal sleep-wake cycle. The Company is working to develop medicines that address the full spectrum of orexin disfunction disease. Orexin, also called a hypocretin is a key regulator of wakefulness and REM sleep.

2. Risks and Liquidity

The Company is subject to risks common to other life science companies in the early development stage including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, development by its competitors of new technological innovations, dependence on key personnel, market acceptance of products, product liability, protection of proprietary technology, ability to raise additional financing and compliance with government regulations, in the markets in which the Company is seeking approvals, including U.S. Food and Drug Administration ("FDA") regulations. If the Company does not successfully advance its programs into and through human clinical trials and/or enter into collaborations for its programs and commercialize any of its product candidates, it may be unable to produce product revenue or achieve profitability.

The Company has incurred recurring losses and negative cash flows from operations since inception and had an accumulated deficit of $8.5 million as of December 31, 2020. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of its product candidates currently in development. Substantial additional capital will be needed by the Company to fund its operations and to develop its product candidates. In January 2021, Centessa Pharmaceuticals Limited, or Centessa, acquired 100% of the equity interests of eleven biotechnology companies, including the Company, in exchange for ordinary shares of Centessa. Concurrent with the acquisition, Centessa completed a Series A preferred equity financing, whereby Centessa received gross proceeds of $250.0 million comprised of $245.0 million in proceeds from the sale of its Series A preferred shares and the conversion of $5.0 million in convertible debt. As the Company became a wholly owned subsidiary of Centessa, future funding of the Company's operations is expected to be funded from Centessa's cash resources.

The Company's operations have consisted primarily of organizing the Company, securing financing, developing licensed technology, performing research, conducting preclinical studies and conducting clinical trials. The Company faces risks associated with early-stage biotechnology companies whose product candidates are in development. Product candidates currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing, establishing manufacturing capacity and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital for the Company to complete its research and development, achieve its research and development objectives, defend its intellectual property rights, and recruit and retain skilled personnel, and key members of management. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales.

The Company expects that its cash and cash equivalents as of December 31, 2020, and the proceeds received by Centessa from its Series A financing, will be sufficient to fund operations for at least the next twelve months from the date these financial statements were made available for issuance.

Global Pandemic – COVID-19

On March 10, 2020, the World Health Organization characterized the novel COVID-19 virus as a global pandemic. The Company is continuing to proactively monitor and assess COVID-19, global pandemic. Since early March the Company has activated a management team taskforce to assess the potential impact on its business that may result from this rapidly evolving crisis and to avoid any unnecessary potential delays to the Company's programs. At this time, the lead programs and research activities remain on track. The safety and well-being of employees, patients and partners is the Company's highest priority. At the current time, the Company is unable to quantify the potential effects of this pandemic on its future operations.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) promulgated by the Financial Accounting Standards Board (FASB). In the opinion of management, the accompanying financial statements include all normal and recurring adjustments, which consist primarily of accruals, estimates and assumptions that are considered necessary to present fairly the Company's financial position as of December 31, 2019 and 2020 and its results of operations and cash flows for the years ended December 31, 2019 and 2020.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Estimates and assumptions are periodically reviewed, and the effects of the revisions are reflected in the accompanying financial statements in the period they are determined to be necessary. Significant areas that required management's estimates included the research tax incentive receivable and the fair value of the Company's share-based compensation.

Fair Value of Financial Instruments

Management believes that the carrying amounts of the Company's financial instruments, including cash equivalents, research tax incentive receivable, loan receivable with related party, prepaid expenses, and accounts payable and accrued expenses, approximate fair value due to the short-term nature of those instruments.

Concentration of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash and cash equivalents.

Cash and cash equivalents

The Company considers all highly liquid investments that have maturities of three months or less when acquired to be cash equivalents.

Research Tax Incentive Receivable

The research tax credit is granted to companies by the United Kingdom tax authorities in order to encourage them to conduct technical and scientific research. Companies that have expenditures that meet the required criteria within the United Kingdom receive a tax credit that can be used for the payment of the corporate tax due for the fiscal year in which the expenditures were made and the next three fiscal years, or can be reimbursed in cash.

The expenses taken into account for the calculation of the credit involve only research expenses. The Company's estimate of the amount of cash refund it expects to receive related to the tax credit is included in research tax incentive receivable in the accompanying balance sheets and such amounts are recorded as reduction of research and development expense in the statements of operations and comprehensive loss. During the years ending December 31, 2019 and 2020, the Company recorded reductions to research and development expenses of $0.5 million and $0.8 million, respectively.

Share-based compensation

The Company measures share-based awards at their grant-date fair value and records compensation expense on a straight-line basis over the vesting period of the awards. Estimating the fair value of share-based awards requires the input of subjective assumptions, including the estimated fair value of the Company's ordinary shares. Options with nominal exercise prices are accounted for as restricted share-based payments.

Research and Development

Research and development costs are expensed as incurred and consist primarily of funds paid to third parties for the provision of services for product candidate development, clinical and preclinical development and related supply and manufacturing costs, and regulatory compliance costs. The Company accrues and expenses preclinical studies and clinical trial activities performed by third parties based upon estimates of the proportion of work completed over the term of the individual trial and patient enrollment rates in accordance with agreements with clinical research organizations and clinical trial sites. The Company determines the estimates by reviewing contracts, vendor agreements and purchase orders, and through discussions with internal clinical personnel and external service providers as to the progress or stage of completion of trials or services and the agreed-upon fee to be paid for such services. However, actual costs and timing of clinical trials are highly uncertain, subject to risks and may change depending upon a number of factors, including the Company's clinical development plan.

Management makes estimates of the Company's accrued expenses as of each balance sheet date in the Company's financial statements based on facts and circumstances known to the Company at that time. If the actual timing of the performance of services or the level of effort varies from the estimate, the Company will adjust the accrual accordingly. Nonrefundable advance payments for goods and services, including fees for process development or manufacturing and distribution of clinical supplies that will be used in future research and development activities, are deferred and recognized as expense in the period that the related goods are consumed or services are performed.

Acquired In-Process Research and Development

Acquired in-process research and development (IPR&D) expense consists of the initial up-front payments incurred in connection with the acquisition or licensing of products or technologies that do not meet the definition of a business under FASB ASC Topic 805, *Business Combinations*. The Company's acquired IPR&D expense of $2.2 million during the year ended December 31, 2019 and reflects the estimated fair value of the Company's ordinary shares issued to acquire the license from Heptares Therapeutics (see Note 6).

Income Taxes

Income taxes are accounted for under the asset-and-liability method as required by FASB ASC Topic 740, *Income Taxes* (ASC 740). 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 corresponding to the enactment date. Under ASC 740, a valuation allowance is required when it is more likely than not all, or some portion of the deferred tax assets will not be realized through generating sufficient future taxable income.

FASB ASC Subtopic 740-10, *Accounting for Uncertainty of Income Taxes*, (ASC 740-10) defines the criterion an individual tax position must meet for any part of the benefit of the tax position to be recognized in financial statements prepared in conformity with GAAP. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not such tax position will be sustained on examination by the taxing authorities, based solely on the technical merits of the respective tax position. The tax benefits recognized in the financial statements from such a tax position should be measured based on the largest benefit having a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority. In accordance with the disclosure requirements of ASC 740-10, the Company's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of total interest expense and other expense, respectively.

Other Comprehensive Loss

Other comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The only component of other comprehensive income (loss) impacting the Company is foreign currency translation.

Foreign Currencies

The Company's financial statements are presented in U.S. dollars, the reporting currency of the Company. The Company's functional currency is the British Pound. Expenses have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheets dates and equity accounts at their respective historical rates. The resulting translation gain and loss adjustments are recorded directly as a separate component of shareholders' equity and as other comprehensive income (loss) on the statements of operations and comprehensive loss. Transactions denominated in a currency other than the Company's functional currency are remeasured based upon the exchange rate at the date of remeasurement with the resulting gain or loss included in the accompanying statements of operations and comprehensive loss.

JOBS Act Accounting Election

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) 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.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires a lessee to record a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. As the Company has elected to use the extended transition period for complying with new or revised accounting standards as available under the Jobs Act, the standard is effective for the Company beginning January 1, 2022, with early adoption permitted. The Company is currently evaluating the expected impact that the standard could have on its financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020-06, "(Subtopic 470-20): *Debt—Debt with Conversion and Other Options*" ("ASU 2020-06") to address the complexity associated with applying GAAP to certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 includes amendments to the guidance on convertible instruments and the derivative scope exception for contracts in an entity's own equity and simplifies the accounting for convertible instruments which include beneficial conversion features or cash conversion features by removing certain separation models in Subtopic 470-20. Additionally, ASU 2020-06 will require entities to use the "if-converted" method when calculating diluted earnings per share for convertible instruments. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023 (fiscal year 2024 for the Company), including interim periods within those fiscal years. The Company is currently evaluating the impact of ASU 2020-06 on financial position, results of operations or cash flows.

4. Loan Receivable with Related Party

In December 2020, the Company entered into a loan agreement with Orexia Limited, a biotechnology company owned by the Company's shareholders and issued a loan receivable of $1.4 million. The loan bears interest at a rate of 2.1% and matures at the earlier of (i) a share sale of Orexia Limited, (ii) an insolvency event occurring for Orexia Limited and (iii) upon demand by the Company. Interest income was de minimis for the year ended December 31, 2020.

5. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	December 31, 2019	December 31, 2020
Compensation and related benefits	$ 6	$ 24
Research and development	600	229
	$ 606	$ 253

6. Commitments and Contingencies

Amended and Restated License, Assignment, and Research Services Agreement

In January 2019, the Company and Heptares Therapeutics Limited (Heptares) entered into a license and research service agreement whereby Heptares granted an exclusive, sublicensable worldwide license to further develop, manufacture and commercialize licensed technology for the development of intranasal orexin receptor antagonist. In addition, Heptares is responsible for certain research and development activities and the parties formed a joint research committee to oversee and manage related research and development activities. Upon entering into the license agreement, the Company issued 1,142,049 ordinary shares to Heptares with a nominal value of £0.0001 per share with an estimated fair value of $2.2 million.

Per the agreement the Company is to pay Heptares for research and development services based on providing full-time equivalents and other support relating to the conduct of the discovery and preclinical development programs. The Company made an upfront payment to Heptares of $0.3 million that was expensed during the research and development period for the year ended December 31, 2019. In addition, the Company is obligated to make up to $16.6 million in development milestone payments (£12.1 million at an exchange rate of 0.73).

License Agreement with OptiNose

In January 2019, the Company and OptiNose AS, or OptiNose, entered into a license agreement whereby the Company was granted an exclusive, royalty-bearing, worldwide, non-transferable, sublicensable license to OptiNose's Exhalation Delivery System, or EDS, and other intellectual property for the development, sale, import and manufacture of products containing orexin receptor agonist and/or orexin receptor positive modulator molecule(s) as the sole active pharmaceutical ingredient(s) for the treatment, diagnosis or prevention of human diseases or conditions associated primarily with orexin receptor agonism and orexin receptor positive modulation. The Company is solely responsible for all costs and activities related to its identification, development, and commercialization of products under the license agreement.

The Company made an upfront payment of $0.5 million to OptiNose that was immediately expensed as the in-process research and development has no alternative future use. In addition, the Company is obligated to make up to $8.0 million and $37.0 million in development and commercial milestone payments, respectively. In addition, OptiNose is eligible to receive tiered, low-to-mid single digit royalties based on net sales of any products successfully developed and commercialized under the license agreement.

Employment Agreements

The Company has entered into employment agreements with key personnel providing for compensation and severance in certain circumstances, as described in the respective employment agreements.

Litigation

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. There are no matters currently outstanding.

7. Convertible Preferred Shares and Ordinary Shares

Convertible Preferred Shares

The Company has Series A convertible preferred shares, which are classified outside of shareholders' deficit because the shares contain deemed liquidation rights that are contingent redemption features not solely within the control of the Company. In 2019, the Company completed an equity financing in which the Company issued and sold 4,000,000 Series A convertible preferred shares in exchange for $4.5 million (€3.9 million at an exchange rate of 0.87). Investors are subject to capital call requirements for an aggregate amount of €20 million ($22.7 million at an exchange rate of 0.88) if certain milestones are met. In 2019, the Company received $4.9 million (€4.4 million at an exchange rate of 0.90) in capital contributions in relation to these milestone requirements. As of December 31, 2020, the Series A investors are subject to an additional capital call totaling €11.6 million ($14.2 million at an exchange rate of 0.82) related to the last milestone. Upon entering into the merger agreement with Centessa Pharmaceuticals in February 2021, all funding obligations were transferred to Centessa Pharmaceuticals.

Dividends

The holders of Series A convertible preferred shares are entitled to dividends if and when declared by the Company's board of directors. As of December 31, 2020, no dividends have been declared.

Voting

Each Series A convertible preferred share is entitled to a vote on an as-converted basis and certain significant Company events require majority approval from the Preferred Shareholders as a separate class.

Conversion

Each Series A convertible preferred share is convertible, at the holder's option, into such number of ordinary shares on a one-to-one basis and equal to the conversion price then in effect. The conversion price is subject to

adjustments for splits, dividends, distributions, and other similar recapitalization events. Upon consummation of a qualified initial public offering of the Company's securities, the Series A convertible preferred shares will automatically convert into ordinary shares.

Liquidation Preference

Upon the liquidation, sale, or merger of the Company (collectively, the Liquidation), the Series A convertible preferred shares are entitled to receive an amount equal to the original issuance price plus any unpaid declared. If there are additional available assets from the liquidation after the initial liquidation payments, the remaining available assets will be distributed to the ordinary shareholders.

Ordinary Shares

Ordinary shares and B Ordinary Shares confer upon its holders voting rights, the right to receive cash and stock dividends, if declared, and the right to share in excess assets upon liquidation of the Company. The holders of ordinary and B Ordinary Shares are entitled to one vote per share.

8. Share-Based Compensation

The Company grants equity incentive shares, designated as B ordinary shares, to its employees, executives, and consultants and are purchased by the recipient for a nominal amount within one year from grant date. Generally, the awards vest over four years, 25% on the first anniversary of the grant date and ratably each quarter thereafter. Upon a change in control event or an initial public offering of the Company's ordinary shares, the B ordinary shares convert, on a 1:1 basis, into ordinary shares. The Company accounts for B ordinary shares as restricted shares for share-based compensation purposes as the exercise price is nominal. Share-based compensation expense is recorded within research and development expenses within the Company's statements of operations and comprehensive loss. The Company recognized share-based compensation of $0.2 million and $0.3 million during the year ended December 31, 2019 and 2020, respectively.

	Shares	Weighted Average Grant Date Fair Value
Nonvested af January 1, 2019	—	
Granted and exercised	548,482	$ 1.83
Nonvested af December 31, 2019	548,482	$ 1.83
Granted and exercised	100,068	$ 2.50
Vested	(235,319)	$ 1.83
Nonvested at December 31, 2020	413,231	$ 1.99

As of December 31, 2020, the total unrecognized compensation expense related to B ordinary shares was $0.8 million, which the Company expects to recognize over a weighted-average period of 1.8 years.

9. Income Taxes

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities were as follows:

(in thousands)	December 31, 2019	December 31, 2020
Deferred tax assets:		
Net operating loss carryforwards	$ 351	$ 712
Fixed assets	175	179
Deferred tax assets	526	891
Less: valuation allowance	(526)	(891)
	$ —	$ —

In assessing the need for a valuation allowance, management must determine that there will be sufficient taxable income to allow for the realization of deferred tax assets. Based upon the historical and anticipated future losses, management has determined that the deferred tax assets do not meet the more-likely-than-not threshold for realizability. Accordingly, a full valuation allowance has been recorded against the Company's net deferred tax assets as of December 31, 2019 and 2020. The valuation allowance increased by $0.5 million and $0.4 million during the years ended December 31, 2019 and 2020, respectively.

A reconciliation of the United Kingdom income tax rate to the Company's effective tax rate is as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2020
Tax benefit at statutory rate	19%	19%
Stock compensation	(1)%	(2)%
IP research and development	(4)%	— %
Research and development	(4)%	(9)%
Change in tax rate	(1)%	2%
Change in valuation allowance	(9)%	(10)%
	— %	— %

The Company has NOL carryforwards and research and development tax credits of approximately $3.7 million as of December 31, 2020 and they do not expire. The NOL carryforwards may be lost in certain circumstances after a change in control, as defined in UK tax law.

Tax positions taken or expected to be taken in the course of preparing the Company's tax returns are required to be evaluated to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet a more-likely-than-not threshold, as well as accrued interest and penalties, if any, would be recorded as an interest and penalties expense in the current year. There were no uncertain tax positions that require accrual or disclosure to the financial statements as of December 31, 2019 and 2020.

10. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 12, 2021, the date at which the financial statements were available to be issued, and determine that there are no other items.

Centessa Pharmaceuticals Limited
Consolidated Balance Sheets
(unaudited)
(amounts in thousands except share data)

	December 31, 2020	January 29, 2021
Assets		
Current assets:		
Cash	$ 5,003	$ 4,965
Subscription receivable	11	9
Prepaid expenses and other current assets	—	275
Total current assets	5,014	5,249
Property and equipment, net	—	10
Deferred offering costs	248	3,299
Total assets	$ 5,262	$ 8,558
Liabilities and shareholders' deficit		
Current liabilities:		
Convertible term notes	$ 4,171	$ 5,001
Derivative liability	833	1,248
Accounts payable	15	2,052
Accrued expenses and other current liabilities	3,457	4,908
Total current liabilities and total liabilities	8,476	13,209
Commitments and contingencies (Note 4)		
Shareholders' deficit		
Ordinary shares: £0.001 nominal value: 15,000,000 shares issued and outstanding	21	21
Accumulated other comprehensive income (loss)	(86)	(90)
Accumulated deficit	(3,149)	(4,582)
Total shareholders' deficit	(3,214)	(4,651)
Total liabilities and shareholders' deficit	$ 5,262	$ 8,558

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

Centessa Pharmaceuticals Limited
Consolidated Statement of Operations and Comprehensive Loss
(unaudited)
(amounts in thousands except share and per share data)

	For the Period from January 1, 2021 through January 29, 2021
Operating expenses:	
General and administrative	$ 187
Loss from operations	(187)
Amortization of debt discount	(825)
Change in fair value of derivative	(415)
Foreign currency losses	(6)
Net loss	$ (1,433)
Comprehensive loss:	
Foreign currency translation adjustments	(4)
Total comprehensive loss	$ (1,437)
Net loss per ordinary share - basic and diluted	$ (0.10)
Weighted average ordinary shares outstanding - basic and diluted	15,000,000

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

Centessa Pharmaceuticals Limited
Consolidated Statement of Shareholders' Deficit
(unaudited)
(amounts in thousands except share data)

	Ordinary Shares		Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount			
Balance at January 1, 2021	15,000,000	$ 21	$ (86)	$ (3,149)	$(3,214)
Foreign currency translation adjustments	—	—	(4)	—	(4)
Net loss	—	—	—	(1,433)	(1,433)
Balance at January 29, 2021	15,000,000	$ 21	$ (90)	$ (4,582)	$(4,651)

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

Centessa Pharmaceuticals Limited
Consolidated Statement of Cash Flows
(unaudited)
(amounts in thousands)

	For the Period from January 1, 2021 through January 29, 2021
Cash flows from operating activities:	
Net loss	$ (1,433)
Adjustments to reconcile net loss to net cash used in operating activities:	
Amortization of debt discount	825
Change in fair value of derivative liability	415
Changes in operating assets and liabilities:	
Prepaid expenses and other assets	(275)
Accounts payable	1,162
Accrued expenses and other liabilities	(736)
Net cash used in operating activities	(42)
Cash flows from financing activities:	
Proceeds from subscription receivable	2
Net cash provided by financing activities	2
Effect of exchange rate on cash and cash equivalents	2
Net decrease in cash and cash equivalents	(38)
Cash and cash equivalents at beginning of period	5,003
Cash and cash equivalents at end of period	$ 4,965
Supplemental disclosure of non-cash investing and financing activities:	
Deferred offering costs within accounts payable and accrued expenses	$ 3,051
Purchases of property and equipment within accounts payable	$ 10

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

Centessa Pharmaceuticals Limited
Notes to the Unaudited Interim Consolidated Financial Statements

1. Organization and Description of Business

Centessa Pharmaceuticals Limited ("Centessa" or "the Company" or "Successor") is a pharmaceutical company conceived to develop and deliver life-altering and life-enhancing medicines to patients with an asset centric research and development logic applied at scale. Centessa was incorporated on October 26, 2020 as a limited liability company in England and Wales.

Entities affiliated with Medicxi manage multiple investment funds, including – Medicxi Ventures I LP, Medicxi Growth I LP, and Medicxi Secondary I LP. In addition, entities affiliated with Medicxi act as sub advisors to Index Ventures Life VI (Jersey) Limited which advises the managing general partner of Index Ventures Life VI (Jersey), L.P. On January 29, 2021, the management and other equity holders (including funds managed or advised by entities affiliated with Medicxi) of ApcinteX Limited, Capella Biosciences Limited, Inexia Limited, Janpix Limited, LockBody Therapeutics Ltd, Morphogen-IX Limited, Orexia Limited, Palladio Biosciences, Inc., Pearl River Bio GmbH, Pega One S.A.S., and Z Factor Limited (together, the "Centessa Subsidiaries"), contributed the Centessa Subsidiaries to Centessa, in a share for share exchange, after which these companies became wholly-owned subsidiaries of Centessa. Due to the overlapping therapeutic focus of our Centessa subsidiaries, Orexia Limited (now renamed Orexia Therapeutics Limited) and Inexia Limited, the Company determined it to be in the best interest of both entities to combine the business of Orexia Therapeutics Limited and Inexia Limited.

Risks and Liquidity

The Company is subject to risks common to other life science companies in the early development stage including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, development by its competitors of new technological innovations, dependence on key personnel, market acceptance of products, product liability, protection of proprietary technology, ability to raise additional financing and compliance with government regulations, in the markets in which the Company is seeking approvals, including U.S. Food and Drug Administration ("FDA") regulations. If the Company does not successfully advance its programs into and through human clinical trials and/or enter into collaborations for its programs and commercialize any of its product candidates, it may be unable to produce product revenue or achieve profitability.

The Company has incurred losses and negative cash flows from operations since inception and had an accumulated deficit of $4.5 million as of January 29, 2021. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of the product candidates currently in development by the Centessa Subsidiaries. Substantial additional capital will be needed by the Company to fund its operations (including those of the Centessa Subsidiaries) and to develop its product candidates. In January 2021, Centessa acquired 100% of the equity interests of eleven biotechnology companies in exchange for ordinary shares of Centessa. Concurrent with the acquisition, Centessa completed a Series A preferred equity financing, whereby Centessa received gross proceeds of $250.0 million comprised of $245.0 million in proceeds from the sale of its Series A preferred shares and the conversion of $5.0 million in convertible debt.

The Company expects that its cash and cash equivalents as of January 29, 2021, and the proceeds received from its Series A financing, will be sufficient to fund operations (including those of the Centessa Subsidiaries) for at least the next twelve months from the date these financial statements were made available for issuance.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Any reference in these

Centessa Pharmaceuticals Limited
Notes to the Unaudited Interim Consolidated Financial Statements

notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASUs") promulgated by the Financial Accounting Standards Board ("FASB").

In the opinion of management, the accompanying unaudited interim consolidated financial statements include all normal and recurring adjustments (which consist primarily of accruals, estimates and assumptions that impact the financial statements) considered necessary to fairly present the financial statements. Operating results for the Company from the period from January 1, 2021 through January 29, 2021 are not necessarily indicative of the results that may be expected for the period from January 30, 2021 through December 31, 2021, or for any future period. The unaudited interim consolidated financial statements, presented herein, do not contain all of the required disclosures under U.S. GAAP for annual financial statements. Therefore, these unaudited interim consolidated financial statements should be read in conjunction with the annual audited financial statements and related notes for Centessa Pharmaceuticals Limited included elsewhere in this registration statement.

The Company's consolidated financial statements include the accounts of Centessa Pharmaceuticals Limited and its wholly-owned subsidiary, Centessa Pharmaceuticals, Inc. (prior to the acquisitions of the Centessa Subsidiaries). All intercompany accounts and transactions have been eliminated in consolidation.

Segments

Operating segments are defined as components of an enterprise with separate discrete information available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business as one segment.

Foreign Currency Translation

The Company's financial statements are presented in U.S. dollars, the reporting currency of the company. The Company's functional currency is the local currency. Expenses have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheets dates and equity accounts at their respective historical rates. The resulting translation gain and loss adjustments are recorded directly as a separate component of shareholders' deficit as other comprehensive income (loss). Transactions denominated in a currency other than the functional currency are remeasured based upon the exchange rate at the date of remeasurement with the resulting gain or loss included in the accompanying statements of operations and comprehensive loss.

Use of Estimates

The preparation of unaudited interim financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the unaudited interim consolidated financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Estimates and assumptions are periodically reviewed and the effects of revisions are reflected in the unaudited interim consolidated financial statements in the period they are determined to be necessary. Significant estimates and assumptions reflected in these financial statements include, but are not limited to, the valuation of liabilities associated with financial instruments and derivatives. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. Actual results could differ from the Company's estimates.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives of three years. The costs of maintenance and repairs are expensed as incurred. Improvements and

betterments that add new functionality or extend the useful life of the asset are capitalized. As of January 29, 2021, the Company had $10,000 of property and equipment and primarily comprised of computer equipment. Depreciation expense was de minimis during the period from January 1, 2021 through January 29, 2021.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, then an impairment charge is recognized for the amount by which the carrying value of the asset exceeds the estimated fair value of the asset. As of January 29, 2021, the Company believes that no revision of the remaining useful lives or write-down of long-lived assets is required.

Deferred Financing Costs

The Company capitalizes costs that are directly associated with in-process equity financings until such financings are consummated, at which time such costs are recorded against the gross proceeds from the applicable financing. If a financing is abandoned, deferred financing costs are expensed. Financing costs are expensed immediately if the financial instrument is recorded at its estimated fair value and subject to remeasurement. As of January 29, 2021, there were $3.3 million of deferred offering costs on the Company's consolidated balance sheet.

Net Loss Per Ordinary Share

Basic loss per ordinary share is computed by dividing net loss by the weighted-average number of ordinary shares outstanding. Diluted loss per ordinary share includes the effect, if any, from the potential exercise or conversion of securities, such as convertible debt which would result in the issuance of incremental ordinary shares. For diluted net loss per ordinary share, the weighted-average number of ordinary shares is the same for basic net loss per ordinary share due to the fact that when a net loss exists, dilutive securities are not included in the calculation as the impact is anti-dilutive.

Fair Value of Financial Instruments

Fair value is the price that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value determination in accordance with applicable accounting guidance requires that a number of significant judgments be made. Additionally, fair value is used on a nonrecurring basis to evaluate assets for impairment or as required for disclosure purposes by applicable accounting guidance on disclosures about fair value of financial instruments. Depending on the nature of the assets and liabilities, various valuation techniques and assumptions are used when estimating fair value. The carrying amounts of certain of the Company's financial instruments, including prepaid expense and accounts payable are shown at cost, which approximates fair value due to the short-term nature of these instruments. The Company follows the provisions of FASB ASC Topic 820, *Fair Value Measurement*, for financial assets and liabilities measured on a recurring basis. The guidance requires fair value measurements be classified and disclosed in one of the following three categories:

Level 1:	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
Level 2:	Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liabilities.
Level 3:	Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Centessa Pharmaceuticals Limited
Notes to the Unaudited Interim Consolidated Financial Statements

The following fair value hierarchy table presents information about the Company's assets and liabilities measured at fair value on a recurring basis (in thousands):

	Fair value measurement at reporting date using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2020: Liabilities			
Derivative liability	$ —	$ —	$ 833

	Fair value measurement at reporting date using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
January 29, 2021: Liabilities			
Derivative liability	$ —	$ —	$ 1,248

The derivative liability was considered a Level 3 liability because its fair value measurement was based, in part, on significant inputs not observed in the market. The fair value of the derivative was estimated primarily on the probability of the Company's next qualified fund raising occurring and the timing of such event.

The reconciliation of the redemption feature and the contingent valuation rights measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows (amounts in thousands):

	Derivative Liability
Balance at January 1, 2021	$ 833
Additions	—
Change in fair value	415
Balance at January 29, 2021	$ 1,248

3. Convertible Term Notes

In December 2020, Centessa entered into a convertible loan agreement (the Agreement) with Medicxi Growth,whereby the Company issued $5.0 million of unsecured convertible term notes to Medicxi Growth. The convertible loans were issued as a bridge financing in contemplation of completing the Series A financing within the next six months. The convertible term notes had a stated interest rate of 8% per annum, which is not payable until settlement of the principal, being the maturity date June 29, 2021.

The principal and accrued interest due under the convertible term notes converts:

- into the class of Centessa stock issued in the Company's next qualified fund raising, at 80% of the subscription price paid in such financing.
- prior to maturity and in the event future equity financings do not trigger a Qualified Financing, at Medicxi Growth's election and at 80% of the subscription price paid for the most senior securities sold by the Company.

Centessa Pharmaceuticals Limited
Notes to the Unaudited Interim Consolidated Financial Statements

At inception, the Company concluded that the convertible term notes contained a conversion option at a significant discount that was deemed to be an embedded derivative, which is required to be bifurcated and accounted for separately from the debt host. There were no debt issuance costs associated with the convertible term notes.

In January 2021, the Convertible Term Note converted into Series A preferred shares of Centessa Pharmaceuticals Limited as part of the Company's Series A preferred equity financing.

4. Commitments and Contingencies

Contingencies

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of its business activities. The Company accrues a liability for such matters when it is probable that future expenditures will be made, and such expenditures can be reasonably estimated.

Employment Agreements

The Company has entered into employment agreements with key personnel providing for compensation and severance in certain circumstances, as described in the respective employment agreements.

Litigation

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. There are no matters currently outstanding.

5. Subsequent Events

In January 2021, 8,900,000 Founder's Shares were repurchased by the Company at a nominal value (£0.001) and were cancelled immediately.

The Company has evaluated subsequent events from the balance sheet date through May 12, 2021, the issuance date of these unaudited interim consolidated financial statements and has not identified any requiring disclosure except as noted above.

Centessa Predecessor Group (Predecessor) and Centessa Pharmaceuticals Limited (Successor)
Combined and Consolidated Balance Sheets
(unaudited)
(amounts in thousands except share data)

	Predecessor	Successor
	Centessa Predecessor Group Combined as of December 31, 2020	Centessa Pharmaceuticals Limited Consolidated as of March 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 7,227	$ 298,612
Tax incentive receivable	2,633	10,698
Prepaid expenses and other current assets	1,305	4,326
Total current assets	11,165	313,636
Propertry and equipment, net	—	45
Tax incentive receivable	552	—
Deferred offering costs	—	6,839
Total assets	$ 11,717	$ 320,520
Liabilities, convertible preferred shares, combined deficit and shareholders' equity		
Current liabilities:		
Accounts payable	$ 1,032	$ 12,216
Accrued expenses and other current liabilities	1,047	6,761
Convertible term notes	5,339	—
Term loans	288	—
Derivative liability	913	—
Total current liabilities	8,619	18,977
Loan with related party	—	291
Contingent value rights	—	22,618
Total liabilities	8,619	41,886
Commitments and contingencies (Note 7)		
Convertible preferred shares (£0.0001 nominal value): 6,549,205 shares issued and outstanding at December 31, 2020. No shares authorized issued and outstanding at March 31, 2021	25,521	—
Combined deficit and shareholders' equity:		
Combined deficit	(22,423)	—
Series A convertible preferred shares: £0.001 nominal value: 45,681,819 shares authorized issued and outstanding at March 31, 2021 (liquidation value $251,250 at March 31, 2021)	—	247,847
A Ordinary shares: £0.001 nominal value: no shares authorized, issued and outstanding at December 31, 2020; shares authorized, 6,200,000 issued and outstanding at March 31, 2021	—	9

	Predecessor	Successor
	Centessa Predecessor Group Combined as of December 31, 2020	Centessa Pharmaceuticals Limited Consolidated as of March 31, 2021
B Ordinary shares: £1.50 nominal value: no shares authorized, issued and outstanding at December 31, 2020; shares authorized; 90,276,005 and 89,889,362 shares issued and outstanding, respectively at March 31, 2021	—	184,789
Additional paid-in capital	—	87,131
Accumulated other comprehensive income	—	2,131
Accumulated deficit	—	(243,273)
Total combined deficit and shareholders' equity	(22,423)	278,634
Total liabilities, convertible preferred shares, combined deficit and shareholders' equity	$ 11,717	$ 320,520

The accompanying notes are an integral part of these unaudited interim combined and consolidated financial statements.

Centessa Predecessor Group (Predecessor) and Centessa Pharmaceuticals Limited (Successor)
Combined and Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
(amounts in thousands except share and per share data)

	Predecessor		Successor
	Centessa Predecessor Group Combined Three Months Ended March 31, 2020	Centessa Predecessor Group Combined Period from January 1, 2021 through January 29, 2021	Centessa Pharmaceuticals Limited Consolidated Period from January 30, 2021 through March 31, 2021
Operating expenses:			
Research and development	$ 2,809	$ 600	$ 10,142
General and administrative	383	121	8,092
Acquired in-process research and development	—	—	220,454
Loss from operations	(3,192)	(721)	(238,688)
Interest income (expense), net	(16)	(9)	(3)
Amortization of debt discount	(70)	(37)	—
Gain on extinguishment of debt	267	—	—
Net loss	(3,011)	(767)	(238,691)
Other comprehensive loss:			
Foreign currency translation adjustment	(707)	45	2,221
Total comprehensive loss	$ (3,718)	$ (722)	$ (236,470)
Net loss per ordinary share - basic and diluted			$ (2.49)
Weighted average ordinary shares outstanding—basic and diluted			96,022,496

The accompanying notes are an integral part of these unaudited interim combined and consolidated financial statements.

Centessa Predecessor Group (Predecessor)
Combined Statement of Convertible Preferred Shares and Combined Deficit
(unaudited)
(amounts in thousands except share data)

	Convertible Preferred Shares						Combined
	Series A		Series B		Series Seed		
	Shares	Amount	Shares	Amount	Shares	Amount	Deficit
Balance at January 1, 2020	4,337,282	$ 13,329	1,111,923	$ 10,840	1,100,000	$ 1,352	$ (11,857)
Net loss	—	—	—	—	—	—	(3,011)
Foreign currency translation adjustments	—	—	—	—	—	—	(707)
Share-based compensation expense	—	—	—	—	—	—	63
Balance at March 31, 2020	4,337,282	$ 13,329	1,111,923	$ 10,840	1,100,000	$ 1,352	$ (15,512)

Centessa Predecessor Group (Predecessor)
Combined Statement of Convertible Preferred Shares and Combined Deficit
(unaudited)
(amounts in thousands except share data)

	Convertible Preferred Shares						Combined
	Series A		Series B		Series Seed		
	Shares	Amount	Shares	Amount	Shares	Amount	Deficit
Balance at January 1, 2021	4,337,282	$ 13,329	1,111,923	$ 10,840	1,100,000	$ 1,352	$ (22,423)
Net loss	—	—	—	—	—	—	(767)
Foreign currency translation adjustments	—	—	—	—	—	—	45
Balance at January 29, 2021	4,337,282	$ 13,329	1,111,923	$ 10,840	1,100,000	$ 1,352	$ (23,145)

Centessa Pharmaceuticals Limited (Successor)
Consolidated Statement of Shareholders' Equity
(unaudited)
(amounts in thousands except share data)

	Series A Preferred		A Ordinary Shares		B Ordinary Shares		Additional paid-in capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at January 30, 2021	—	$ —	15,000,000	$ 21	—	$ —	$ —	(90)	$ (4,582)	$ (4,651)
Sale of Series A convertible preferred shares, net of issuance costs of $3,403	44,545,456	241,597	—	—	—	—	—	—	—	241,597
Issuance of Series A convertible preferred shares upon conversion of debt	1,136,363	6,250	—	—	—	—	—	—	—	6,250
Acquisition of Centessa Subsidiaries	—	—	—	—	89,516,188	184,022	78,676	—	—	262,698
Forgiveness of convertible term loan	—	—	—	—	—	—	6,199	—	—	6,199
Repurchase of ordinary shares concurrent with acquisition of Centessa Subsidiaries	—	—	(8,900,000)	(12)	—	—	—	—	—	(12)
Stock option exercises	—	—	100,000	—	—	—	292	—	—	292
Vesting of B ordinary shares	—	—	—	—	373,174	767	(767)	—	—	—
Share-based compensation expense	—	—	—	—	—	—	2,731	—	—	2,731
Foreign currency translation adjustments	—	—	—	—	—	—	—	2,221	—	2,221
Net loss	—	—	—	—	—	—	—	—	(238,691)	(238,691)
Balance at March 31, 2021	45,681,819	$247,847	6,200,000	$ 9	89,889,362	$184,789	$ 87,131	2,131	$ (243,273)	$ 278,634

The accompanying notes are an integral part of these unaudited interim combined and consolidated financial statements.

Centessa Predecessor Group (Predecessor) and Centessa Pharmaceuticals Limited (Successor)
Combined and Consolidated Statements of Cash Flows
(unaudited)
(amounts in thousands)

	Predecessor		Successor
	Centessa Predecessor Group Combined Three Months Ended March 31, 2020	Centessa Predecessor Group Combined Period from January 1, 2021 through January 29, 2021	Centessa Pharmaceuticals Limited Consolidated Period from January 30, 2021 through March 31, 2021
Cash flows from operating activities:			
Net loss	$ (3,011)	$ (767)	$ (238,691)
Adjustments to reconcile net loss to net cash used in operating activities:			
Acquired in-process research and development	—	—	220,454
Share-based compensation expense	63	—	2,731
Depreciation and amortization	—	—	2
Non-cash interest	21	9	7
Amortization of debt discount	70	(37)	—
Gain on extinguishment of debt	(267)	—	—
Changes in operating assets and liabilities:			
Tax incentive receivable	(541)	74	(1,924)
Prepaid expenses and other assets	510	681	(1,760)
Accounts payable	(306)	(358)	6,548
Accrued expenses and other liabilities	(178)	(589)	998
Net cash used in operating activities	(3,639)	(987)	(11,635)
Cash flows from investing activities:			
Cash acquired upon acquisition of Centessa Subsidiaries			68,038
Cash paid to acquire in-process research and development	—	—	(4,484)
Purchase of property and equipment	—	—	(37)
Net cash provided by investing activities	—	—	63,517
Cash flows from financing activities:			
Proceeds from the sale of Series A convertible preferred shares, net of issuance costs	—	—	241,597
Proceeds from option exercises	—	—	292
Net cash provided by financing activities	—	—	241,889
Effect of exchange rate on cash and cash equivalents	(861)	18	(124)
Net increase (decrease) in cash and cash equivalents	(4,500)	(969)	293,647
Cash and cash equivalents at beginning of period	16,570	7,227	4,965
Cash and cash equivalents at end of period	$ 12,070	$ 6,258	$ 298,612
Supplemental disclosure of non-cash investing and financing activities:			
Issuance of ordinary shares upon acquisition of Centessa Subsidiaries	$ —	$ —	$ 262,698
Issuance of contingent value rights upon acquisition of Centessa Subsidiaries			$ 22,618
Issuance of Series A convertible preferred shares upon conversion of debt	$ —	$ —	$ 6,250
Forgiveness of convertible term loan	$ —	$ —	$ 6,199
Repurchase of ordinary shares concurrent with acquisition of Centessa Subsidiaries	$ —	$ —	$ (12)

The accompanying notes are an integral part of these unaudited interim combined and consolidated financial statements.

Centessa Predecessor Group (Predecessor) and Centessa Pharmaceuticals Limited (Successor)
Notes to the Unaudited Interim Combined and Consolidated Financial Statements

1. Organization and Description of Business

Centessa Pharmaceuticals Limited ("Centessa", "Successor" or the "Company") is a pharmaceutical company conceived to develop and deliver life-altering and life-enhancing medicines to patients with an asset centric research and development logic applied at scale. Centessa was incorporated on October 26, 2020 as a limited liability company in England and Wales.

Entities affiliated with Medicxi manage multiple investment funds, including – Medicxi Ventures I LP, Medicxi Growth I LP, and Medicxi Secondary I LP. In addition, entities affiliated with Medicxi act as sub advisors to Index Ventures Life VI (Jersey) Limited which advises the managing general partner of Index Ventures Life VI (Jersey), L.P. (all funds shall collectively be referred to as the "Funds"). The Funds are primarily comprised of strategic investments within the healthcare and life sciences industry.

In January 2021, the management and other equity holders (including funds managed or advised by entities affiliated with Medicxi) of ApcinteX Limited, Capella Biosciences Limited, Inexia Limited, Janpix Limited, LockBody Therapeutics Ltd, Morphogen-IX Limited, Orexia Limited, Palladio Biosciences, Inc., Pearl River Bio GmbH, Pega One S.A.S., and Z Factor Limited (together, the "Centessa Subsidiaries"), contributed the Centessa Subsidiaries to Centessa, in a share for share exchange, after which these companies became wholly-owned subsidiaries of Centessa.

As the Company had no significant operations prior to the contribution of the Centessa Subsidiaries, and the registrant is required to present two years of historical financial statements and interim financial statements as applicable, the Company's management ("Management") sought to identify a predecessor, for which it could include audited historical financial statements and unaudited interim financial statements, to satisfy the filing requirement. As such, Management sought to identify the predecessor from the population of portfolio companies, which would represent a sizable portion of the historical results of the entities later contributed to Centessa.

Management determined the companies owned by Index Ventures Life VI (Jersey), LP individually represent some of the earliest investments by the Funds. These companies (together, the "Centessa Predecessor Group" or the "Group") are:

- Z Factor Limited ("Z Factor")
- LockBody Therapeutics Ltd ("LockBody")
- Morphogen-IX Limited ("Morphogen-IX")

As the above entities that comprise the Centessa Predecessor Group were historically under the common control of Index Ventures Life VI (Jersey), LP, the financial statements of the Group are being presented on a combined basis and are denoted as "Predecessor" within these unaudited interim financial statements.

Subsequent to the contribution of the Centessa Subsidiaries to Centessa, the financial activities of Centessa and all Centessa Subsidiaries are being presented on a consolidated basis and are denoted as "Successor" within these unaudited interim financial statements.

Risks and Liquidity

The Group and the Company are subject to risks common to other life science companies in the early development stage including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, development by its competitors of new technological innovations, dependence on key personnel, market acceptance of products, product liability, protection of proprietary technology, ability to

raise additional financing and compliance with government regulations, in the markets in which the Company is seeking approvals, including U.S. Food and Drug Administration ("FDA") regulations. If the Company does not successfully advance its programs, including the Centessa Subsidiaries' programs, into and through human clinical trials and/or enter into collaborations for its programs and commercialize any of its product candidates, it may be unable to produce product revenue or achieve profitability.

The Group and the Company have incurred losses and negative cash flows from operations since inception and the Company had an accumulated deficit of $243.3 million as of March 31, 2021. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of the product candidates currently in development by the Centessa Subsidiaries. Substantial additional capital will be needed by the Company to fund its operations (including those of the Centessa Subsidiaries) and to develop its product candidates.

The Company expects that its cash and cash equivalents as of March 31, 2021 of $298.6 million will be sufficient to fund operations for at least the next twelve months from the date these consolidated financial statements were made available for issuance.

Global Pandemic – COVID-19

On March 10, 2020, the World Health Organization characterized the novel COVID-19 virus as a global pandemic. The Company is continuing to proactively monitor and assess the COVID-19, global pandemic. Since

its inception, the Company has activated a management team taskforce to assess the potential impact on its business that may result from this rapidly evolving crisis and to avoid any unnecessary potential delays to the Company's programs. At this time, the lead programs and research activities remain on track. The safety and well-being of employees, patients and partners is the Company's highest priority. At the current time, the Company is unable to quantify the potential effects of this pandemic on its future operations.

2. Summary of Significant Accounting Policies

References to the unaudited interim combined financial statements of the Centessa Predecessor Group refer to three of the eleven Centessa Subsidiaries that were deemed to represent the predecessor entity prior to the Company's acquisition of the Centessa Subsidiaries in January 2021. The Centessa Predecessor Group includes the combined financial information of Z Factor Limited, Morphogen-IX Limited and LockBody Therapeutics Ltd. The successor includes the consolidated financial information of Centessa and all Centessa Subsidiaries subsequent to the acquisition.

Accordingly, the accompanying unaudited interim combined and consolidated financial statements are presented in accordance with Securities and Exchange Commission, or SEC, requirements for predecessor and successor financial statements, which include the financial results of both the Company and the Centessa Predecessor Group. The results of operations contained in the unaudited interim combined and consolidated financial statements include the Centessa Predecessor Group's combined financial results for the three months ended March 31, 2020 and the period from January 1, 2021 through January 29, 2021 and the Company's consolidated financial results for the period from January 30, 2021 through March 31, 2021. The unaudited interim combined and consolidated balance sheets present the combined financial position of the Centessa Predecessor Group as of December 31, 2020 and the consolidated financial position of the Company on March 31, 2021.

The Summary of Significant Accounting Policies included in the Company's annual financial statements and the Centessa Predecessor Group's annual combined financial statements that can be found elsewhere in this registration statement, have not materially changed, except as set forth below.

Centessa Predecessor Group (Predecessor) and Centessa Pharmaceuticals Limited (Successor)
Notes to the Unaudited Interim Combined and Consolidated Financial Statements

Basis of Presentation

The accompanying unaudited interim combined and consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASUs") promulgated by the Financial Accounting Standards Board ("FASB").

In the opinion of management, the accompanying unaudited interim combined and consolidated financial statements include all normal and recurring adjustments (which consist primarily of accruals, estimates and assumptions that impact the financial statements) considered necessary to present fairly:

- the Group's financial position as of December 31, 2020 and the Company's financial position as of March 31, 2021;
- the Group's results of operations for the three months ended March 31, 2020 and for the period from January 1, 2021 through January 29, 2021, and the statements of convertible preferred shares and combined deficit and cash flows for the three months ended March 31, 2020 and for the period from January 1, 2021 through January 29, 2021; and
- the Company's results of operations for the period from January 30, 2021 through March 31, 2021, and the statements of shareholders' equity and cash flows for the period from January 30, 2021 through March 31, 2021.

Operating results for the Company from the period from January 30, 2021 through March 31, 2021 are not necessarily indicative of the results that may be expected for the period from January 30, 2021 through December 31, 2021, or for any future period. The unaudited interim combined and consolidated financial statements, presented herein, do not contain all of the required disclosures under U.S. GAAP for annual financial statements. Therefore, these unaudited interim combined and consolidated financial statements should be read in conjunction with the annual audited combined financial statements and related notes for Centessa Predecessor Group and Centessa Pharmaceuticals Limited included elsewhere in this registration statement.

The Company's consolidated financial statements include the accounts of Centessa Pharmaceuticals Limited, its wholly-owned subsidiary, Centessa Pharmaceuticals, Inc. and the wholly-owned Centessa Subsidiaries. The Centessa Predecessor Group's combined financial statements included the accounts of Z Factor Limited, Morphogen-IX Limited and LockBody Therapeutics Ltd. All intercompany accounts and transactions have been eliminated in consolidation and combination.

Segments

Operating segments are defined as components of an enterprise with separate discrete information available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Centessa Predecessor Group (Predecessor) and Centessa Pharmaceuticals Limited (Successor) view its operations and manage its business as one segment.

Foreign Currency Translation

The Company's consolidated and the Group's combined financial statements are presented in U.S. dollars, the reporting currency of the Company. The functional currency of the Company is the British Pound and the functional currency of its subsidiaries is the local currency. Expenses have been translated into U.S. dollars at

average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheets dates and equity accounts at their respective historical rates. The resulting translation gain and loss adjustments are recorded directly as a separate component of shareholders' deficit as other comprehensive income (loss). Transactions denominated in a currency other than the functional currency are remeasured based upon the exchange rate at the date of remeasurement with the resulting gain or loss included in the accompanying unaudited interim combined and consolidated statements of operations and comprehensive loss.

Use of Estimates

The preparation of unaudited interim financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the unaudited interim combined and consolidated financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Estimates and assumptions are periodically reviewed and the effects of revisions are reflected in the unaudited interim combined and consolidated financial statements in the period they are determined to be necessary. Significant areas that require management's estimates include the fair value of ordinary shares, share-based compensation assumptions, derivative liability and contingent value rights assumptions and accrued research and development expenses.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives of three years. The costs of maintenance and repairs are expensed as incurred. Improvements and betterments that add new functionality or extend the useful life of the asset are capitalized. As of March 31, 2021, the Company had $45,000 of property and equipment and primarily comprised of computer equipment. Depreciation expense was de minimis for all periods presented.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, then an impairment charge is recognized for the amount by which the carrying value of the asset exceeds the estimated fair value of the asset. As of March 31, 2021, the Company believes that no revision of the remaining useful lives or write-down of long-lived assets is required.

Contingent Value Rights

The fair value of the contingent value rights liability represents the future payments that will be settled by issuing a variable number of shares and that are contingent upon the achievement of a specified development milestone for Palladio Biosciences, Inc.'s product candidate. The fair value of the contingent value rights is based on the cumulative probability of achieving the specified milestone which is currently expected during the first quarter of 2022. The fair value measurement is based on significant Level 3 unobservable inputs such as the probability of achieving the milestone, anticipated timelines, and discount rate. Changes in the fair value of the liability are recognized in the consolidated statement of operations and comprehensive loss until it is settled.

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Acquired In-Process Research and Development Expenses

Acquired in-process research and development, or IPR&D, consists of the initial up-front payments incurred in connection with the acquisition or licensing of products or technologies that do not meet the definition of a business under FASB ASC Topic 805, *Business Combinations*.

Share-Based Compensation

The Company and the Group measure share-based awards at their grant-date fair value and records compensation expense on a straight-line basis over the vesting period of the awards.

Estimating the fair value of share-based awards requires the input of subjective assumptions, including the estimated fair value of the Company and the Group's ordinary shares, and, for stock options, the expected life of the options and share price volatility. The Company and the Group account for forfeitures of stock option awards as they occur. The Company uses the Black-Scholes option pricing model to value its stock option awards. The assumptions used in estimating the fair value of share-based awards represent management's estimate and involve inherent uncertainties and the application of management's judgment. As a result, if factors change and management uses different assumptions, share-based compensation expense could be materially different for future awards.

The expected life of the stock options is estimated using the "simplified method," as the Company has limited historical information from which to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior for its stock option grants. The simplified method is the midpoint between the vesting period and the contractual term of the option. For share price volatility, the Company uses comparable public companies as a basis for its expected volatility to calculate the fair value of option grants. The risk-free rate is based on the U.S. Treasury yield curve commensurate with the expected life of the option.

Awards granted for B ordinary shares of Centessa Pharmaceuticals Limited (Successor) are accounted for a restricted share-based awards. The estimated fair value of the restricted shares is based upon the estimated fair value of Centessa Pharmaceutical Limited's (Successor) ordinary shares at grant date.

Net Loss Per Ordinary Share

Basic loss per ordinary share is computed by dividing net loss by the weighted-average number of ordinary shares Basic loss per ordinary share is computed by dividing net loss by the aggregate weighted-average number of A ordinary shares and B ordinary outstanding. With the exception of their nominal values, the A ordinary shares and B ordinary shares have the same rights and preferences pertaining to profits and losses. As a result, the A ordinary and B ordinary shares are included, in the aggregate, when presenting basic net loss per ordinary share computations. Diluted loss per ordinary share includes the effect, if any, from the potential exercise or conversion of securities, such as convertible preferred shares, stock options, unvested restricted B ordinary shares and convertible debt which would result in the issuance of incremental ordinary shares. For diluted net loss per ordinary share, the weighted-average number of ordinary shares is the same for basic net loss per ordinary share due to the fact that when a net loss exists, dilutive securities are not included in the calculation as the impact is anti-dilutive.

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The following potentially dilutive securities have been excluded from the computation of diluted weighted-average ordinary shares outstanding for the period from January 30, 2021 through March 31, 2021, as they would be anti-dilutive:

Series A convertible preferred shares	45,681,819
Unvested B ordinary shares	386,643
Stock options	15,153,640
	61,222,102

Amounts in the above table reflect the ordinary share equivalents as of March 31, 2021.

3. Acquisition of Centessa Subsidiaries

In January 2021, the Company entered into a merger agreement with the Centessa Subsidiaries whereby the Company acquired 100% of the outstanding Centessa Subsidiaries' shares in exchange for 89,516,188 B ordinary shares of the Company. In addition, the Company issued certain contingent value rights to the selling shareholders of Palladio Biosciences, Inc.

As part of the acquisition, the Company issued replacement equity awards to select employees and consultants of certain Centessa Subsidiaries. The awards consisted of options and restricted shares with vesting provisions generally consistent with the original awards prior to the acquisition. The Company determined that a portion of the fair value of the replacement awards should be a component of consideration paid to acquire the Centessa Subsidiaries, with the remaining value of the award accounting for as post-combination share-based compensation expense.

The acquisition of each Centessa Subsidiary has been treated as a separate asset acquisition as the Company determined that none of the Centessa Subsidiaries meet the definition of a business due to substantially all of the fair value of each entity being concentrated in a single asset or group of assets which represent the acquired in-process research and development ("IPR&D"), or the entity did not have the requisite inputs and substantive processes to be considered a business. The Company's acquired IPR&D expense of $223.6 million, of which $3.1 million was in connection with transaction costs recognized prior to January 30, 2021, and reflects the fair value of consideration ascribed to the product candidates in each subsidiary, as the Company determined the assets had no alternative future use.

The total purchase price for the asset acquisitions was calculated as follows (amounts in thousands):

Estimated fair value of Centessa B ordinary shares issued	$ 261,387
Estimated fair value of replacement equity awards allocated to consideration paid	1,310
Estimated fair value of contingent value rights	22,618
Transaction costs	4,597
Total consideration given	$ 289,912

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The following table summarizes the assets acquired and liabilities assumed as of the acquisition date for the asset acquisitions (in thousands):

Assets acquired:	
Cash and cash equivalents	$ 68,038
Tax incentive receivable	8,752
Prepaid expenses and other current assets	2,551
Other assets	203
In-process research and development assets	223,593
Total assets acquired	303,137
Liabilities assumed:	
Accounts payable	3,607
Accrued expenses and other current liabilities	3,128
Convertible notes	6,199
Loan with related party	291
Total liabilities assumed	13,225
Net assets acquired	$ 289,912

The Centessa Successor's determinations of the fair value of the ordinary shares were performed using methodologies, approaches and assumptions in accordance with the guidance outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, *or* the Practice Guide. In accordance with the Practice Guide, the Centessa Successor considered the following methods for allocating the enterprise value across its classes and series of capital shares to determine the fair value of its ordinary shares at each valuation date.

- *Option Pricing Method* ("OPM"). The OPM estimates the value of the ordinary equity of the Centessa Successor using the various inputs in the Black-Scholes option pricing model. The OPM treats the rights of the holders of ordinary shares as equivalent to that of call options on any value of the enterprise above certain break points of value based upon the liquidation preferences of the holders of the Centessa Successor's convertible preferred shares, as well as their rights to participation, and the share prices of the outstanding options. Thus, the value of the ordinary shares can be determined by estimating the value of its portion of each of these call option rights. Under this method, the ordinary shares have value only if the funds available for distribution to shareholders exceed the value of the liquidation preference at the time of a liquidity event, such as a merger or sale. Given the ordinary shares represents a non-marketable equity interest in a private enterprise, an adjustment to the preliminary value estimates had to be made to account for the lack of liquidity that a shareholder experiences. This adjustment is commonly referred to as a discount for lack of marketability ("DLOM").
- *Probability-Weighted Expected Return Method* ("PWERM"). The PWERM is a scenario-based analysis that estimates the value per share based on the probability-weighted present value of expected future investment returns, considering each of the possible outcomes considered by the Company, as well as the economic and control rights of each share class.
- *Hybrid Method*. The Hybrid Method is a hybrid between the PWERM and OPM, estimating the probability-weighted value across multiple scenarios, but using the OPM to estimate the allocation of value within one or more of those scenarios. Weighting allocations are assigned to the OPM and PWERM methods factoring possible future liquidity events.

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The Centessa Successor estimated the fair value of its ordinary shares based on the Hybrid Method. Subjective factors considered by the Centessa Successor board of directors and management included the pending addition of new executive members and the election of new independent directors to the Centessa Successor board of directors, as well as definitive plans to undertake an IPO. There are significant judgments and estimates inherent in the determination of the fair value of ordinary shares. These judgments and estimates include assumptions regarding Centessa Successor's future operating performance, the time to complete an initial public offering or other liquidity event and the determination of the appropriate valuation methods. If Centessa Successor had made different assumptions, its ordinary shares could have been significantly different.

At the time of the acquisitions, all outstanding unvested share-based awards of the Centessa Predecessor Group vested immediately. The unrecognized compensation expense of $4.1 million was recognized at the time of the acquisitions.

In connection with the acquisition of the Centessa Subsidiaries, Centessa Successor issued contingent value rights, or CVRs, to former shareholders and option holders of Palladio. The CVRs represent the contractual rights to receive payment of $39.7 million upon the first patient dosed in a Phase 3 pivotal study of lixivaptan for the treatment of autosomal dominant polycystic kidney disease (ADPKD) in any of the United States, France, Germany, Italy, Spain, the United Kingdom and Japan (designated the ACTION Study). The contingent milestone, if triggered, will be settled through the issuance of Centessa ordinary shares equal to the amount of the total CVRs payable based on the per share value of ordinary shares at the milestone date.

Centessa Successor determined that the CVRs should be accounted for as a liability in accordance with ASC 480. Accordingly, the fair value of the contingent consideration will be assessed quarterly until settlement. To estimate the fair value of the contingent consideration, the Centessa Successor applied a cumulative probability of achieving the clinical milestone and applied it to the potential payout. Prior to initiating the ACTION Study and dosing the first patient, the Centessa Successor will consider the status and on-going results of the Phase 3a safety study (designated the ALERT Study). As this is an open-label study for which enrollment is on-going, the Centessa Successor will evaluate if the on-going results support the belief that lixivaptan has a de-risked safety profile. Assuming the on-going results from the ALERT Study continue to support this view, the probability of commencing the ACTION study and dosing the first patient is high and is currently expected during early-to-mid 2022. The cumulative probability of achieving positive results from the ALERT Study and dosing the first patient in the ACTION Study was applied to the CVR payout to arrive at a fair value of $22.6 million as of the acquisition date of the Centessa Subsidiaries. The change in fair value from the date of acquisition to March 31, 2021 was immaterial.

4. Fair Value of Financial Instruments

Fair value is the price that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value determination in accordance with applicable accounting guidance requires that a number of significant judgments be made. Additionally, fair value is used on a nonrecurring basis to evaluate assets for impairment or as required for disclosure purposes by applicable accounting guidance on disclosures about fair value of financial instruments. Depending on the nature of the assets and liabilities, various valuation techniques and assumptions are used when estimating fair value. The carrying amounts of certain of the Company's financial instruments, including prepaid expense and accounts payable are shown at cost, which approximates fair value due to the short-term nature of these instruments. The Company follows the provisions of FASB ASC Topic 820, *Fair Value Measurement*, for financial assets and liabilities measured on a recurring basis. The guidance requires fair value measurements be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liabilities.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following fair value hierarchy table presents information about the Company's assets and liabilities measured at fair value on a recurring basis (in thousands):

	Fair value measurement at reporting date using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2020 (Predecessor):			
Liabilities			
Derivative Liability	$ -	$ -	$ 913

	Fair value measurement at reporting date using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
March 31, 2021 (Successor):			
Liabilities			
Contingent Value Rights	$ -	$ -	$ 22,618

The Centessa Predecessor Group evaluated a redemption feature within the convertible term notes and determined bifurcation of the redemption feature was required. The redemption feature is classified as a liability on the accompanying combined and consolidated balance sheet at December 31, 2020. The liability is marked-to-market each reporting period with the changes in fair value recorded in the unaudited interim combined and consolidated statements of operations and comprehensive loss until it is settled. The derivative liability was considered a Level 3 liability because its fair value measurement was based, in part, on significant inputs not observed in the market. The fair value of the derivative was estimated primarily on the probability of the next fund raising occurring and the timing of such event. Upon completion of the acquisition of the Centessa Subsidiaries in January 2021, the derivative liability was settled and is no longer subject to remeasurement.

The acquisition-date fair value of the contingent valuation rights liability represents the future payments that are contingent upon the achievement of a specified development milestone for Palladio Biosciences, Inc.'s product candidate. The fair value of the contingent value rights is based on the cumulative probability of achieving the specified milestone which is currently expected during the first quarter of 2022. The fair value measurement is based on significant Level 3 unobservable inputs such as the probability of achieving the milestone, anticipated timelines, and discount rate. Changes in the fair value of the liability will be recognized in the unaudited interim combined and consolidated statement of operations and comprehensive loss until it is settled.

Centessa Predecessor Group (Predecessor) and Centessa Pharmaceuticals Limited (Successor)
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The reconciliation of the redemption feature measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows (amounts in thousands):

	Derivative Liability
Balance at January 1, 2021 (Predecessor)	$ 913
Additions	—
Change in fair value	—
Settlements	(913)
Balance at January 29, 2021 (Predecessor)	$ —

5. Balance Sheet and Combined Deficit Components

Prepaid expenses and other current assets consist of the following (in thousands):

	Predecessor December 31, 2020	Successor March 31, 2021
Insurance	$ 9	$ 91
Research and development costs	992	1,074
Value added tax receivable	298	2,256
Professional fees	—	223
Other	6	682
	$ 1,305	$ 4,326

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

	Predecessor December 31, 2020	Successor March 31, 2021
Research and development expenses	$ 1,001	$ 2,410
Professional fees	37	3,153
Personnel related expenses	—	546
Other	9	652
	$ 1,047	$ 6,761

Combined deficit of the Centessa Predecessor Group at December 31, 2020 consisted of the following (in thousands):

	Predecessor December 31, 2020
Morphogen-IX deficit	
Ordinary shares	$ 13
Additional paid-in capital	364
Accumulated other comprehensive income	629
Accumulated deficit	(9,225)
Total Morphogen-IX deficit	$ (8,219)

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	Predecessor December 31, 2020
Z Factor deficit	
Ordinary shares	$ 12
Additional paid-in capital	461
Accumulated other comprehensive income	139
Accumulated deficit	(8,568)
Total Z Factor deficit	$ (7,956)
LockBody deficit	
Ordinary shares	$ —
Additional paid-in capital	—
Accumulated other comprehensive loss	(196)
Accumulated deficit	(6,052)
Total LockBody deficit	$ (6,248)
Total combined deficit	$ (22,423)

6. Debt

Centessa Pharmaceuticals Limited Convertible Term Notes

In December 2020, the Company entered into a convertible loan agreement (the Agreement) with Medicxi Growth, whereby the Company issued $5.0 million of unsecured convertible term notes to Medicxi Growth. The convertible loans were issued as a bridge financing in contemplation of completing the Series A financing within the next six months. The convertible term notes had a stated interest rate of 8% per annum, which was not payable until settlement of the principal, being the maturity date June 29, 2021. Upon completion of the Company's Series A preferred financing in January 2021, the Company issued 1,136,363 shares of its Series A convertible preferred shares and settled all outstanding principal and unpaid interest associated with the convertible term notes.

LockBody Therapeutics Ltd Convertible Term Notes

In July 2019, LockBody entered into a convertible term note agreement to issue up to £5.0 million of convertible term notes of which £3.0 million was received in July 2019 and an additional £1.0 million was received in November 2020.

The convertible term notes had a stated interest rate of 2% per annum, which was not payable until settlement of the principal, being the maturity date of August 2, 2021.

The principal and accrued interest due under the convertible term notes converts:

- into the class of LockBody's shares issued in LockBody's next qualified fund raising, at a conversion price after applying a 20% discount to the purchase price per share paid for the shares.
- on a change of control, at a conversion price after applying a 50% discount to the purchase price per share paid for the shares.

As a result of the fact that the convertible term notes were convertible into a variable number of preferred shares, the Centessa Predecessor Group evaluated the conversion provision as a redemption feature. The redemption

feature was evaluated as an embedded derivative and bifurcated from the convertible term notes due to the substantial premium paid upon redemption and accounted for as a derivative instrument. Upon bifurcating the redemption feature, the Group recorded aggregate debt discounts of $0.7 million that is recognized in interest expense over the term of the convertible term notes. The notes and the derivative liability were assumed in connection with the acquisition of the Centessa Subsidiaries in January 2021 and immediately forgiven. The forgiveness was recognized as $6.2 million contribution within the Successor consolidated statement of shareholders' equity during the period from January 30, 2021 through March 31, 2021.

For the three months ended March 31, 2020 and for the period from January 1, 2021 through January 29, 2021, the Centessa Predecessor Group recognized interest expense of $0.3 million and $9,000, respectively, and $0.8 million and $37,000 in connection with the amortization of the debt discount, respectively.

7. Commitments and Contingencies

Research and Development Arrangements

As of March 31, 2021, the Company had non-cancellable commitments for purchase of clinical materials, contract manufacturing, maintenance, and committed funding of up to $18.0 million, of which the Company expects to pay $14.9 million within one year and the remaining $3.1 million over one to three years. The amount and timing of these payments vary depending on the rate of progress of development. Future clinical trial expenses have not been included within the purchase commitments because they are contingent on enrollment in clinical trials and the activities required to be performed by the clinical sites.

Employment Agreements

The Company has entered into employment agreements with key personnel providing for compensation and severance in certain circumstances, as described in the respective employment agreements.

Litigation

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. There are no matters currently outstanding.

8. Convertible Preferred Shares, Combined Deficit and Shareholders' Equity

As of December 31, 2020, the Centessa Predecessor Group had Series A, Series B and Seed Series convertible preferred shares outstanding that were subject to redemption under certain "deemed liquidation" events, as defined in each of the Centessa Predecessor Group entities' articles of association. The Series A, Series B and Seed Series convertible preferred shares are classified outside of combined deficit as the deemed liquidation events are outside of the each of the Centessa Predecessor Group entities' control. Upon consummation of the acquisition of the Centessa Subsidiaries, all outstanding convertible preferred shares of the Centessa Predecessor Group were converted into ordinary shares of the Centessa Predecessor Group and ultimately exchange for ordinary shares of Centessa Pharmaceuticals Limited at the time of acquisition. Immediately following the acquisition, the Centessa Subsidiaries became wholly-owned subsidiaries of the Centessa Pharmaceuticals Limited whereby no convertible preferred shares were issued and outstanding at the Centessa Subsidiaries level.

Ordinary Shares

Ordinary shares confer upon its holders voting rights, the right to receive cash and stock dividends, if declared, and the right to share in excess assets upon liquidation of the Company. The holders of ordinary shares are entitled to one vote per share. With the exception to their nominal values, A ordinary shares and B ordinary

shares have the same rights and preferences. In January 2021, the Company issued 90,276,005 B ordinary shares in connection with the acquisition of the Centessa Subsidiaries of which 759,817 shares were replacement share-based awards and subject to future vesting requirements. Concurrent with the acquisition, the Company repurchased 8,900,000 of it's A ordinary shares from one of its founders for a nominal amount.

Series A Convertible Preferred Shares

In January 2021, the Company sold 44,545,456 shares of its Series A convertible preferred shares at a purchase price of $5.50 per share in exchange for gross proceeds of $245.0 million. Upon completion of the Series A preferred financing, the Company issued 1,136,363 Series A convertible preferred shares upon settling the outstanding principal, unpaid interest, and bifurcated derivative liability associated with its convertible term notes.

Dividends

The holders of Preferred Shares are entitled to dividends if and when declared by the Company's board of directors. As of March 31, 2021, no dividends have been declared.

Voting

Each preferred share is entitled to a vote on an as-converted basis and certain significant Company events require majority approval from the Preferred Shareholders as a separate class.

Conversion

Each preferred share is convertible, at the holder's option, into such number of ordinary shares on a one-to-one basis and equal to the conversion price then in effect. The conversion price is subject to adjustments for splits, dividends, distributions and other similar recapitalization events. Upon consummation of a qualified initial public offering of the Company's securities, the preferred shares would automatically convert into ordinary shares.

Liquidation Preference

Upon the liquidation, sale, or merger of the Company (collectively, the Liquidation), the preferred shareholders are entitled to receive an amount equal to the original issuance price plus any unpaid declared dividends. If there are additional available assets from the liquidation after the initial liquidation payments, the remaining available assets will be distributed to the ordinary shareholders.

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9. Share-Based Compensation

The Company and the Centessa Predecessor Group recorded share-based compensation expense in the following expense categories in the unaudited interim combined and consolidated statements of operations and comprehensive loss (in thousands):

	Predecessor		Successor
	Centessa Predecessor Group Combined Three Months Ended March 31, 2020	Centessa Predecessor Group Combined Period from January 1, 2021 through January 29, 2021	Centessa Pharmaceuticals Limited Consolidated Period from January 30, 2021 through March 31, 2021
Research and development	$ 63	$ —	$ 1,117
General and administrative	—	—	1,614
	$ 63	**$ —**	**$ 2,731**

Centessa Pharmaceuticals Limited (Successor) Stock Options

In January 2021, the Company's board of directors approved the 2021 Equity Incentive Plan (the 2021 Plan), whereby the total number of shares authorized under the 2021 Plan was 18,587,434 of which 3,333,794 shares were available for future grants as of March 31, 2021. The Plan provides for the granting of ordinary shares, incentive stock options, nonqualified stock options, restricted share awards, and/or share appreciation rights to employees, directors, and other persons, as determined by the Company's board of directors. The Company's stock options vest based on the terms in each award agreement, generally over four-year periods, and have a contractual term of ten years.

The following table summarizes stock option activity for the period from January 30, 2021 through March 31, 2021:

	Number of Shares	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contractual Term
Balance at January 30, 2021	—		
Granted	16,921,434	$ 2.86	
Exercised	(100,000)		
Forfeited	(1,667,794)	$ 2.92	
Balance at March 31, 2021	15,153,640	$ 2.86	9.7
Exercisable at March 31, 2021	1,076,532	$ 2.27	8.0

The weighted-average grant date fair value of options granted was $1.81 per share for the period from January 30, 2021 through March 31, 2021. As of March 31, 2021, the total unrecognized compensation expense related to unvested stock option awards was $25.3 million, which the Company expects to recognize over a weighted-average period of 2.4 years.

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During the period from January 30, 2021 through March 31, 2021, the fair value of each option was estimated on the date of grant using the weighted average assumptions in the table below:

Expected term (in years)	5.7
Expected stock price volatility	63.3%
Risk-free interest rate	0.77%
Expected dividend yield	0%
Estimated fair value of ordinary share	$2.92

Replacement Equity Awards

In connection with the acquisition of the Centessa Subsidiaries, Centessa Pharmaceuticals Limited (Successor) issued 759,817 B ordinary shares subject to future vesting. The fair value of the awards are based upon the estimated fair value of the Company's ordinary shares at the time of grant.

The following table summarizes B ordinary share activity for the period from January 30, 2021 through March 31, 2021:

	Number of Shares	Weighted- Average Fair Value Per Share
Unvested at January 30, 2021	—	
Granted	759,817	$ 2.92
Vested	(373,174)	$ 2.92
Unvested at March 31, 2021	386,643	$ 2.92

As of March 31, 2021, the total unrecognized compensation expense related to unvested ordinary shares was $0.4 million, which the Company expects to recognize over a weighted-average period of 3.1 years.

10. Licensing Arrangements

In connection with the acquisition of the Centessa Subsidiaries, the Company acquired the following licensing arrangements:

Z Factor License Agreement

In 2015 and subsequently amended in 2017, Z Factor entered into an exclusive worldwide license agreement to further develop and commercialize, small molecule chaperones to correct the folding of Z-A1AT for the treatment of kidney and lung disease. The Company is solely responsible for, and is required to use commercially reasonable efforts to, research, develop, manufacture and commercialize the licensed technology, at its own costs. The Company is also responsible for supplying all active pharmaceutical ingredients and finished drug product for exploitation. The Company is obligated to make up to $0.5 million (£0.4 million at an exchange rate of 0.73) in payments upon the achievement of development and regulatory milestones. In addition, the Company is obligated to fund any patent related costs associated with the licensed technology. No expenses were incurred during the three months ended March 31, 2020, the period from January 1, 2021 through January 29, 2021 and the period from January 30, 2021 through March 31, 2021 in connection to the license agreement.

Morphogen-IX License Agreement

In 2015, Morphogen-IX entered into an exclusive worldwide license agreement to further develop and commercialize, the licensed technology for PAH. The Company is responsible for supplying all active

pharmaceutical ingredients and finished drug product for exploitation. The Company is obligated to make up to $1.0 million (£0.8 million at an exchange rate of 0.73) in payments upon the achievement of development and regulatory milestones. The Company is also obligated to make future commercial milestone payments at low to mid-single digit royalty rates for net product sales and is subject to adjustment in the event the Group sublicenses the approved technology. In addition, the Company is obligated to pay an annual licensing fee and obligated to fund any patent related costs associated with the licensed technology. No expenses were incurred during the three months ended March 31, 2020, the period from January 1, 2021 through January 29, 2021 and the period from January 30, 2021 through March 31, 2021 in connection to the license agreement.

Palladio Lixivaptan License Agreement

Palladio entered into an exclusive worldwide license agreement to further develop and commercialize Lixivaptan, a nonpeptide selective vasopressin V2 receptor antagonist for the treatment of ADPKD. In relation to the purchase of the license, the Company is obligated to make certain contingent consideration payments to the seller in the event a Licensed Product is commercialized. Such payments are structured as a tiered percentage of net sales and capped at $32.5 million. The Company is obligated to make up to $16.3 million in commercial milestone payments. In addition, the Company is obligated to make future royalty payments (the first $19.0 million of which would be due to Pfizer) at low to mid single digit royalty rates for net product sales and is subject to adjustment in the event the Company sublicenses the approved technology. The Company incurred no expense during the period from January 30, 2021 through March 31, 2021 in connection to the license agreement.

SerpinPC License Agreement

ApcinteX entered into an exclusive, sublicensable, worldwide license agreement with Cambridge Enterprise Limited (“CE”), to further develop and commercialize the patented technology held by CE for modified serpins for the treatment of bleeding disorders through the use of rational and random mutagenesis associated with the patented technology. The Company is solely responsible for, and is required to use commercially reasonable efforts to, research, develop, manufacture and commercialize the patented technology, at its own costs. The Company is obligated to make up to $1.0 million (£0.7 million at an exchange rate of 0.73) in development and regulatory milestone payments and low single digit royalty rates for net product sales. The Company incurred no expense during the period from January 30, 2021 through March 31, 2021 in connection to the license agreement.

Pega-One S.A.S. License Agreement with Hoffman-La Roche

Pega-One entered into, and subsequently amended, a license agreement with Hoffman La Roche Ltd, or Roche, to discover, develop and commercialize GA201 which is a glycoengineered anti-EFGR monoclonal antibody imgatuzumab for the treatment of cutaneous squamous cell carcinoma and other solid tumor indications. The Company retains an exclusive worldwide sublicensable royalty bearing license. Pega-One made an upfront payment of $2.0 million and is obligated to pay up to $16.0 million upon the achievement of development and regulatory milestones and up to $125.0 million in commercial milestones subject to potential increase if the Pega-One undergoes a change in control transaction before a specified event for a specific indication. Pega-One is also obligated to pay Roche tiered royalties on net sales of the licensed product at rates ranging from a mid to high single percentage, on a country-by-country and product-by-product basis and is subject to adjustments in the event the Company sublicenses the approved technology. In addition, Pega-One is obligated to reimburse Roche for annual patent related costs incurred related to the license. Upon consummation of a strategic transaction or an initial public offering of the Pega-One’s ordinary shares, as defined in the agreement, Roche is entitled to receive a minimum of 10% of the consideration received by the Company. Such consideration was received in connection with the acquisition of the Centessa Subsidiaries in January 2021.

Centessa Predecessor Group (Predecessor) and Centessa Pharmaceuticals Limited (Successor)
Notes to the Unaudited Interim Combined and Consolidated Financial Statements

Janpix Limited License Agreement

Janpix Limited entered into an exclusive worldwide license agreement to further develop and commercialize the licensed compounds. Janpix is obligated to make up to $30.0 million in development and commercial milestone payments. In addition, Janpix is obligated to make future commercial milestone payments at low to mid-single digit royalty rates for net product sales.

Capella Biosciences Limited License Agreement

Capella Biosciences Limited entered into a license agreement with Lonza Sales AG to further evaluate, develop and commercialize licensed compounds for therapeutic use. Capella is obligated to make additional payments contingent upon approval to advance through additional stages of the process. Capella is obligated to make up to $5.0 million in development and commercial milestone payments. Capella is also obligated to make future commercial milestone payments at low single digit royalty rates for net product sales and is subject to adjustment in the event Capella sublicenses the approved technology. The Company incurred approximately $62,000 in expense related to the license agreement during the period from January 30, 2021 through March 31, 2021.

PearlRiver Bio GmbH License and Collaboration Agreement with Lead Discovery Center GmbH for Exon20

In March 2019, PearlRiver Bio GmbH entered into an exclusive worldwide license agreement with Lead Discovery Center GmbH, or LDC, to further develop and commercialize, the licensed technology for Exon20. PearlRiver is responsible for supplying all active pharmaceutical ingredients and finished drug products for exploitation. PearlRiver is obligated to make up to $33.0 million (€27.0 million at an exchange rate of 0.82) in payments upon the achievement of development and regulatory milestones and $18.3 million (€15.0 million at an exchange rate of 0.82) upon the achievement of commercial milestones. PearlRiver is also obligated to make future commercial milestone payments at low to mid-single digit royalty rates for net product sales and is subject to adjustment in the event PearlRiver sublicenses the approved technology. In addition, PearlRiver is obligated to fund any patent related costs associated with the licensed technology.

Concurrent with entering into the license agreement, PearlRiver entered into a collaboration arrangement with LDC whereby LDC is providing ongoing research and development services to PearlRiver. PearlRiver recognizes research and development expenses associated with the collaboration as services are provided.

PearlRiver Bio GmbH License Agreement with Lead Discovery Center GmbH for C797

PearlRiver entered into an exclusive worldwide license agreement with Lead Discovery Center GmbH, or LDC, to further develop and commercialize, the licensed technology for C797S. PearlRiver is responsible for supplying all active pharmaceutical ingredients and finished drug products for exploitation. PearlRiver is obligated to make up to $9.5 million (€7.8 million at an exchange rate of 0.82) in payments upon the achievement of development and regulatory milestones and $12.2 million (€10.0 million at an exchange rate of 0.82) upon the achievement of commercial milestones. PearlRiver is also obligated to make future commercial milestone payments at low single digit royalty rates for net product sales and is subject to adjustment in the event the PearlRiver sublicenses the approved technology. In addition, PearlRiver is obligated to fund any patent related costs associated with the licensed technology.

Orexia Limited Research Collaboration and License Agreement

Orexia Limited entered into a world-wide exclusive research collaboration and license agreement with X-Chem, Inc, or X-Chem, to further develop and commercialize, the licensed technology for the OX2. Orexia is

responsible for supplying all active pharmaceutical ingredients and finished drug products for exploitation. Orexia is required to make payments contingent upon approval to advance to particular series. Orexia is obligated to make up to $24.8 million in payments upon the achievement of development and regulatory milestones and $60 million upon the achievement of commercial milestones. Orexia is also obligated to make future commercial milestone payments at low single digit royalty rates for net product sales and is subject to adjustment in the event the Orexia sublicenses the approved technology.

Orexia Limited Amended and Restated License, Assignment, and Research Services Agreement

In January 2019, Orexia entered into an exclusive worldwide license agreement with Heptares Therapeutics Limited, or Heptares, to further develop and commercialize, the licensed technology for Orexin Agonist. Orexia is responsible for supplying all active pharmaceutical ingredients and finished drug product for exploitation. Orexia is obligated to make up to $17.2 million (£12.6 million at an exchange rate of 0.73) in payments upon the achievement of development and regulatory milestones. Orexia is also obligated to make future commercial milestone payments at low to mid-single digit royalty rates for net product sales and is subject to adjustment in the event the Orexia sublicenses the approved technology. In addition, Orexia is obligated to fund any development related costs associated with the licensed technology.

Inexia Limited Amended and Restated License, Assignment, and Research Services Agreement

Inexia Limited and Heptares entered into a license and research service agreement whereby Heptares granted an exclusive, sublicensable worldwide license to further develop, manufacture and commercialize licensed technology for the development of intranasal orexin receptor antagonist. In addition, Heptares is responsible for certain research and development activities and the parties formed a joint research committee to oversee and manage related research and development activities.

Per the agreement Inexia is to pay Heptares for research and development services based on providing full-time equivalents and other support relating to the conduct of the discovery and preclinical development programs. In addition, Inexia is obligated to make up to $16.6 million in development milestone payments (£12.1 million at an exchange rate of 0.73).

Inexia Limited License Agreement with OptiNose

Inexia and OptiNose AS, or OptiNose, entered into a license agreement whereby the Inexia was granted an exclusive, royalty-bearing, worldwide, non-transferable, sublicensable license to OptiNose's Exhalation Delivery System, or EDS, and other intellectual property for the development, sale, import and manufacture of products containing orexin receptor agonist and/or orexin receptor positive modulator molecule(s) as the sole active pharmaceutical ingredient(s) for the treatment, diagnosis or prevention of human diseases or conditions associated primarily with orexin receptor agonism and orexin receptor positive modulation. Inexia is solely responsible for all costs and activities related to its identification, development, and commercialization of products under the license agreement.

Inexia is obligated to make up to $8.0 million and $37.0 million in development and commercial milestone payments, respectively. In addition, OptiNose is eligible to receive tiered, low-to-mid single digit royalties based on net sales of any products successfully developed and commercialized under the license agreement.

11. Related Party Transactions

Term loans with Ultrahuman

The Centessa Predecessor Group entered into term loan agreements with Ultrahuman Nine and Ultrahuman Ten which are entities with common ownership with the Centessa Predecessor Group and with the Company.

Centessa Predecessor Group (Predecessor) and Centessa Pharmaceuticals Limited (Successor)
Notes to the Unaudited Interim Combined and Consolidated Financial Statements

The term loans have a stated interest rate of 2% per annum above the Bank of England official rate and the outstanding balances are repayable on demand of the lenders. The Bank of England official rate was 0.10% at December 31, 2020 and March 31, 2021.

The outstanding balance of the term loan with Ultrahuman Eleven was forfeited by the lender in February 2020, from which a gain on extinguishment of debt of $264,000 is recognized in the combined statements of operations and comprehensive loss for Centessa Predecessor Group during the three months ended March 31, 2020.

During the three months ended March 31, 2020 and for the period from January 1, 2021 through January 29, 2021, the Centessa Predecessor Group recognized interest expense of $3,000 and $1,000, respectively, in connection with the Ultahuman loans. During the period from January 30, 2021 through March 31, 2021, the Company recognized interest expense of $1,000 in connection with the loan.

Support service agreement with Ultrahuman services

The Centessa Predecessor Group entered into a Support Service Agreement with Ultrahuman Limited. Ultrahuman Limited provides scientific and operational consultancy services and other support services.

Costs incurred associated with this contract were $0.1 million, and $48,000 for the three months ended March 31, 2020, and for the period from January 1, 2021 through January 29, 2021, respectively, which has been recorded within research and development expenses in the unaudited interim combined and consolidated statements of operations and comprehensive loss. The contract was terminated in connection with the acquisition of the Centessa Subsidiaries.

Master services agreements with The Cambridge Partnership Limited

The Centessa Predecessor Group entered into Master Services agreements with The Cambridge Partnership Limited for accounting and administrative services. Costs incurred associated with these contracts were $24,000 and $17,000 for the three months ended March 31, 2020 and for the period from January 1, 2021 through January 29, 2021, respectively, which has been recorded within general and administrative expenses in the unaudited interim combined and consolidated statements of operations and comprehensive loss.

David Grainger is a director and shareholder of The Cambridge Partnership and was a director of Z Factor and Morphogen-IX until he resigned on January 29, 2021.

Master services agreements with The Foundry (Cambridge) Limited

The Centessa Predecessor Group entered into Master Services agreements with The Foundry (Cambridge) Limited. Costs incurred associated with these contracts were $12,000 and $4,000 for the three months ended March 31, 2020 and for the period from January 1, 2021 through January 29, 2021, respectively, which has been recorded within research and development expenses in the unaudited interim combined and consolidated statements of operations and comprehensive loss.

David Grainger is a director and shareholder of The Foundry (Cambridge) Limited and was a director of Z Factor and Morphogen-IX until he resigned on January 29, 2021.

Master Services agreements with RxCelerate Limited

The Centessa Predecessor Group entered into Master Services agreements with RxCelerate Limited to provide drug discovery services. Costs incurred associated with this contract were $1.5 million and $0.4 million for the

three months ended March 31, 2020 and for the period from January 1, 2021 through January 29, 2021, respectively, which has been recorded within research and development expenses in the unaudited interim combined and consolidated statements of operations and comprehensive loss.

David Grainger is a director and shareholder of RxCelerate Limited and was a director of Z Factor and Morphogen-IX until he resigned on January 29, 2021.

Master Services agreements with RxBiologics Limited

The Centessa Predecessor Group entered into Master Services agreements with RxBiologics Limited to provide biologics drug discovery services. Costs incurred associated with this contract were $9,000 and $14,000 for the three months ended March 31, 2020 and for the period from January 1, 2021 through January 29, 2021, respectively, which has been recorded within research and development expenses in the unaudited interim combined and consolidated statements of operations and comprehensive loss.

William Finlay is a director and shareholder of RxBiologics Limited and was a director of Lockbody until he resigned on January 29, 2021.

Cost Reimbursements

During the period from January 30, 2021 through March 31, 2021, the Centessa Successor reimbursed an aggregate of $1.4 million to several shareholders for costs paid on behalf of the Centessa Successor in connection with acquisition of the Centessa Subsidiaries and the sale of the Centessa Successor Series A preferred shares.

12. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through May 12, 2021, the issuance date of these unaudited interim combined and consolidated financial statements and has not identified any requiring disclosure.

American Depositary Shares

Representing Ordinary Shares

Morgan Stanley **Goldman Sachs & Co. LLC**

Jefferies **Evercore ISI**

Through and including , 2021 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, 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 an unsold allotment or subscription.

PART II

Information Not Required in Prospectus

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the fees and expenses, other than underwriting discounts and commissions, which are expected to be incurred in connection with our sale of ADSs in this offering. With the exception of the registration fee payable to the SEC, the Nasdaq listing fee and the filing fee payable to FINRA, all amounts are estimates.

SEC registration fee	$	*
FINRA filing fee		*
Nasdaq listing fee		*
Printing and engraving expenses		*
Legal fees and expenses		*
Accounting fees and expenses		*
Miscellaneous fees and expenses		*
Total	$	*

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers.

Subject to the Companies Act, members of the registrant's board of directors and its officers (excluding auditors) have the benefit of the following indemnification provisions in the registrant's Articles of Association:

Current and former members of the registrant's board of directors or officers shall be reimbursed for:

(i) all costs, charges, losses, expenses and liabilities sustained or incurred in relation to his or her actual or purported execution of his or her duties in relation to the registrant, including any liability incurred in defending any criminal or civil proceedings; and

(ii) expenses incurred or to be incurred in defending any criminal or civil proceedings, in an investigation by a regulatory authority or against a proposed action to be taken by a regulatory authority, or in connection with any application for relief under the statutes of the United Kingdom and any other statutes that concern and affect the registrant as a company, or collectively the Statutes, arising in relation to the registrant or an associated company, by virtue of the actual or purposed execution of the duties of his or her office or the exercise of his or her powers.

In the case of current or former members of the registrant's board of directors, there shall be no entitlement to reimbursement as referred to above for (i) any liability incurred to the registrant or any associated company, (ii) the payment of a fine imposed in any criminal proceeding or a penalty imposed by a regulatory authority for non-compliance with any requirement of a regulatory nature, (iii) the defense of any criminal proceeding if the member of the registrant's board of directors is convicted, (iv) the defense of any civil proceeding brought by the registrant or an associated company in which judgment is given against the director and (v) any application for relief under the statutes of the United Kingdom and any other statutes that concern and affect the registrant as a company in which the court refuses to grant relief to the director.

In addition, members of the registrant's board of directors and its officers who have received payment from the registrant under these indemnification provisions must repay the amount they received in accordance with the Statutes or in any other circumstances that the registrant may prescribe or where the registrant has reserved the right to require repayment.

The underwriting agreement the registrant will enter into in connection with the offering of ADSs being registered hereby provides that the underwriters will indemnify, under certain conditions, the registrant's board of directors and its officers against certain liabilities arising in connection with this offering.

Item 15. Recent Sales of Unregistered Securities.

In the three years preceding the filing of this Registration Statement, we have issued the following securities that were not registered under the Securities Act:

(a) Issuances of Share Capital

In January 2021, we issued 44,545,456 Series A preferred shares to 16 investors for an aggregate subscription price of $245 million.

The sales of securities described above were deemed to be exempt from registration pursuant to Section 4(a)(2) of the Securities Act, including Regulation D and Rule 506 promulgated thereunder, as transactions by an issuer not involving a public offering, or pursuant to Regulation S promulgated under the Securities Act in that offers, sales and issuances were not made to persons in the United States and no directed selling efforts were made in the United States. All of the purchasers in these transactions represented to us in connection with their purchase that they were acquiring the securities for investment and not distribution, that they could bear the risks of the investment and could hold the securities for an indefinite period of time. Such purchasers received written disclosures that the securities had not been registered under the Securities Act and that any resale must be made pursuant to a registration or an available exemption from such registration. All of the foregoing securities are deemed restricted securities for the purposes of the Securities Act.

(b) Grants and Exercises of Options and Restricted Share Awards

From our inception to the date of the prospectus that forms a part of this registration statement, we issued share options to subscribe for an aggregate of ordinary shares, with exercise prices ranging from £ to £ per ordinary share, to employees and directors.

From our inception to the date of the prospectus that forms a part of this registration statement, we issued ordinary shares to individuals upon exercise of options for an aggregate subscription price of £ .

The issuances of the securities described above were deemed to be exempt from registration pursuant to Section 4(a)(2) of the Securities Act or Rule 701 promulgated under the Securities Act as transactions pursuant to compensatory benefit plans, or pursuant to Regulation S promulgated under the Securities Act in that offers, sales and issuances were not made to persons in the United States and no directed selling efforts were made in the United States. The ordinary shares issued upon the exercise of options are deemed to be restricted securities for purposes of the Securities Act.

All certificates representing the securities issued in the transactions described in this Item 15 included appropriate legends setting forth that the securities had not been offered or sold pursuant to a registration statement and describing the applicable restrictions on transfer of the securities. There were no underwriters employed in connection with any of the transactions set forth in this Item 15.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits:

Exhibit number	Description of exhibit
1.1 *	Form of Underwriting Agreement.
3.1	Articles of Association of Centessa Pharmaceuticals Limited, as currently in effect.
3.2	Form of Articles of Association of the registrant (to be effective upon the closing of this offering).
4.1 *	Form of Deposit Agreement.
4.2 *	Form of American Depositary Receipt (included in Exhibit 4.1).
5.1 *	Opinion of Goodwin Procter (UK) LLP.
10.1	Registration Rights Agreement by and among the registrant and the Investors listed therein, dated January 29, 2021.
10.2#*	Senior Executive Cash Incentive Bonus Plan.
10.3#*	2021 Employee Share Purchase Plan.
10.4#*	2021 Share Option Plan and forms of award agreements thereunder.
10.5#	Employment Agreement, dated as of November 19, 2020 (as revised), between Centessa Pharmaceuticals Limited and Saurabh Saha.
10.7#*	Form of Deed of Indemnity between the registrant and each of its directors and executive officers.
10.8†**	License Agreement dated March 15, 2004 (as amended) between Cardiokine Biopharma LLC (a subsidiary of Palladio) and Wyeth LLC (now a subsidiary of Pfizer).
10.9†**	License Agreement dated December 7, 2016 (as amended) between ApcinteX and Cambridge Enterprise Limited.
10.10†**	License Agreement dated January 2, 2020 (as amended) between Pega-One and Hoffman-la Roche.
10.11†**	License Agreement dated February 4, 2015 (as amended) between Z Factor and Cambridge Enterprise Limited.
10.12**	Contingent Value Rights Agreement, dated as of January 23, 2021, by and among the Registrant, Palladio Biosciences, Inc. and the representative of the holders of contingent value rights under such agreement.
10.13†**	Contribution agreement, dated January 23, 2021, by and between ApcinteX Limited, United Medicines Biopharma Limited and the other parties thereto.
10.14†**	Contribution agreement, dated January 23, 2021, by and between Capella Bioscience LTD, United Medicines Biopharma Limited and the other parties thereto.
10.15†**	Contribution agreement, dated January 23, 2021, by and between Inexia Limited, United Medicines Biopharma Limited and the other parties thereto.
10.16†**	Contribution agreement, dated January 23, 2021, by and between Janpix Limited, United Medicines Biopharma Limited and the other parties thereto.
10.17†**	Contribution agreement, dated January 23, 2021, by and between LockBody Therapeutics Ltd, United Medicines Biopharma Limited and the other parties thereto.
10.18†**	Contribution agreement, dated January 23, 2021, by and between Morphogen-IX Limited, United Medicines Biopharma Limited and the other parties thereto.
10.19†**	Contribution agreement, dated January 23, 2021, by and between Orexia Limited, United Medicines Biopharma Limited and the other parties thereto.

Exhibit number	Description of exhibit
10.20†**	Contribution agreement, dated January 23, 2021, by and between Z Factor Limited, United Medicines Biopharma Limited and the other parties thereto.
10.21†**	Contribution Agreement, dated January 23, 2020, by and between Pega-One, United Medicines Biopharma Limited and the other parties thereto.
10.22†**	Contribution Agreement, dated December 31, 2020 (as amended), by and between PearlRiver Bio GmbH, United Medicines Biopharma Limited, and the other parties thereto.
10.23#**	Offer of Employment, dated February 27, 2021, by and between Gregory M. Weinhoff, MD, MBA and Centessa Pharmaceuticals Limited.
10.24†#**	Incentivization agreement, dated January 23, 2021, by and between LockBody Therapeutics Ltd, United Medicines Biopharma Limited and the other parties thereto.
10.25†#**	Incentivization agreement, dated January 23, 2021, by and between Morphogen-IX Limited, United Medicines Biopharma Limited and the other parties thereto.
10.26†#**	Incentivization agreement, dated January 23, 2021, by and between Z Factor Limited, United Medicines Biopharma Limited and the other parties thereto.
10.27†	Stock Purchase Agreement, dated July 26, 2016, by and between Chiesi USA, Inc., Palladio Acquisition Sub, Inc. and Palladio Biosciences, Inc.
10.28†	Agreement and Plan of Merger, dated December 28, 2011, by and between Cornerstone Therapeutics Inc., Cohesion Merger Sub, Inc., Cardiokine, Inc., and Shareholder Representative Services LLC.
10.29	Assignment and Bill of Sale, dated February 24, 2017, by and between Care Capital Investments II, LP, Care Capital Offshore Investments II, LP, and Palladio Biosciences, Inc.
10.30	Assignment and Bill of Sale, dated June 2017, by and between Perseus-Soros BioPharmaceutical Fund Liquidating Trust and Palladio Biosciences, Inc.
10.31	Assignment and Bill of Sale, dated November 7, 2017, by and between Healthcare Ventures VII, L.P., and Palladio Biosciences, Inc.
10.32	Assignment and Bill of Sale, dated December 20, 2017, by and between Advent Private Equity Fund III A, Advent Private Equity Fund III B, Palladio Biosciences, Inc and the other parties thereto.
21.1	Subsidiaries of the registrant.
23.1	Consent of KPMG LLP, independent registered public accounting firm.
23.2	Consent of KPMG LLP, independent registered public accounting firm.
23.3	Consent of Frazier & Deeter, LLC, independent auditors.
23.4*	Consent of Goodwin Procter (UK) LLP (included in Exhibit 5.1).
24.1**	Power of Attorney (included on signature page to this registration statement).

* To be filed by amendment.
** Previously filed.
† Certain confidential portions (indicated in brackets) have been omitted from this exhibit.
# Indicates a management contract or any compensatory plan, contract or arrangement.

(b) Financial Statements Schedules:

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, or the Act, may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is therefore unenforceable. In the event that 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 Act and will be governed by the final adjudication of such issue.

The Registrant hereby undertakes that:

(a) The Registrant will provide to the underwriter at the closing as specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

(b) For purposes of determining any liability under the Securities Act of 1933, as amended, the information omitted from a form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933, as amended, shall be deemed to be part of this registration statement as of the time it was declared effective.

(c) For the purpose of determining any liability under the Securities Act of 1933, as amended, 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 on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, under the laws and regulations of England and Wales, on May 12, 2021.

CENTESSA PHARMACEUTICALS LIMITED

By: /s/ Saurabh Saha, M.D., Ph.D
Name: Saurabh Saha, M.D., Ph.D.
Title: *Chief Executive Officer*

SIGNATURES AND POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
*		
Saurabh Saha, M.D., Ph.D.	Chief Executive Officer and Director (Principal Executive Officer)	May 12, 2021
*		
Gregory Weinhoff, M.D., M.B.A.	Chief Financial Officer (Principal Financial Officer)	May 12, 2021
*		
Marella Thorell	Chief Accounting Officer (Principal Accounting Officer)	May 12, 2021
*		
Francesco De Rubertis, Ph.D.	Director	May 12, 2021
*		
Arjun Goyal, M.D., M.Phil, M.B.A.	Director	May 12, 2021
*		
Aaron Kantoff	Director	May 12, 2021
*		
Brett Zbar, M.D.	Director	May 12, 2021

Signature	Title	Date
*		
Mary Lynne Hedley, Ph.D.	Director	May 12, 2021
*		
Samarth Kulkarni, Ph.D.	Director	May 12, 2021
*		
Robert Califf, M.D.	Director	May 12, 2021
/s/ Gregory Weinhoff, M.D., M.B.A.		
Gregory Weinhoff, M.D., M.B.A.	Authorized Representative in the United States	May 12, 2021

* Pursuant to Power of Attorney

By: /s/ Gregory Weinhoff, M.D., M.B.A.
Attorney-in-Fact

Exhibit 3.1

Private & Confidential

THE COMPANIES ACT 2006

COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION

of

UNITED MEDICINES BIOPHARMA LIMITED

(Company No. 12973576)

(Adopted by a special resolution passed on 28 January 2021)

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THE COMPANIES ACT 2006

COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION

of

UNITED MEDICINES BIOPHARMA LIMITED

(Adopted by a special resolution passed on 28 January 2021)

1. INTRODUCTION

1.1 The model articles for private companies limited by shares contained or incorporated in Schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended and/or superseded prior to the Date of Adoption (the "**Model Articles**") shall apply to the Company, save insofar as they are expressly or implicitly varied or excluded by, or are inconsistent with, the following Articles.

1.2 In these Articles and the Model Articles any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force.

1.3 In these Articles:

(a) article headings are used for convenience only and shall not affect the construction or interpretation of these Articles;

(b) words denoting the singular include the plural and vice versa and reference to one gender includes the other gender and neuter and vice versa;

(c) Articles 8(2), 9(4), 10(3), 11(2), 13, 14, 16, 17(2), 17(3), 19, 21, 26(5), 27, 28, 29, 30(5) to (7) (inclusive), 36, 44(4), 52 and 53 of the Model Articles shall not apply to the Company; and

(d) the words and expressions defined in sections 1159, 1161 and 1162 of the Act have the same respective meanings in these Articles, save that a company is to be treated as a member of another company for the purposes of sections 1159(1)(b) and (c) of the Companies Act even if its shares are registered in the name of:

(i) its nominee or any other person acting on its behalf; or

(ii) another person by way of security over those shares.

1.4 In these Articles, the term **"consultant"** includes:

(a) a person engaged directly by any Group Company to provide services to any of them; and

(b) a person (an **"Indirect Consultant"**) employed or engaged by a third party (a **"Service Company"**) to work in, including but not limited to, the provision of services on behalf of such Service Company to any Group Company, where that Service Company is engaged by any Group Company to provide such services,

and the term **"consultancy services"** shall include services provided by a consultant directly and/or as an Indirect Consultant.

1.5 Where there is reference to A Preferred Shares or Shares in these Articles, this reference shall be treated, where appropriate in the context, on an As Converted Basis.

2. DEFINITIONS

In these Articles, the following words and expressions shall have the following meanings:

"**A Ordinary Shares**" means the A ordinary shares of £0.001 each in the capital of the Company from time to time;

"**A Preferred Shares**" means A preferred shares of £0.001 each in the capital of the Company from time to time;

"**Accepting Shareholder**" has the meaning set out in Article 21.5;

"**Act**" means the Companies Act 2006 (as amended and/or superseded from time to time);

"**Acting in Concert**" has the meaning given to it in The City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended and/or superseded from time to time);

"**Actions**" shall have the meaning set out in Article 6.4;

"**Admission Date**" means the date upon which an IPO becomes effective;

"**Affiliate**" means, in relation to a person, any corporation or other business entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such person or any venture capital fund or any other investment fund now or hereafter existing that is controlled by or under common control with one or more general partners or managing members of, or shares the same management or advisory company with, such person; provided that portfolio investments of any private equity fund or other investment fund shall not be considered Affiliates. For purposes of this definition, the term "**control**" (including, the correlative meanings, "**controlled by**" and "**under common control with**") means:

(a) the direct or indirect ownership of more than fifty per cent (50%) of the stock having the right to vote for directors thereof (or general partnership interests); or

(b) the ability to otherwise control the decisions of the board of directors or equivalent governing body thereof or direct or cause the direction of the management and policies thereof;

"**Allocation Notice**" shall have the meaning set out in Article 17.7(a);

"**Anti-Dilution Shares**" shall have the meaning set out in Article 11.1;

"**Applicable Person**" shall have the meaning set out in 43.1;

"**Applicant**" shall have the meaning set out in Article 17.7(a);

"**As Converted Basis**" means the rights a holder of A Preferred Shares shall be deemed to enjoy had the holder converted their A Preferred Shares into Ordinary Shares in accordance with these Articles;

"**Asset Sale**" means the disposal (in one transaction or a series of related transactions) by the Company of all or substantially all of its undertakings and assets (which shall include, without limitation, the grant by the Company of an exclusive licence over all or substantially all of the commercially valuable intellectual property of the Company not entered into in the ordinary course of business);

"**Associate**" in relation to any person means:

(a) any person who is an associate of that person and the question of whether a person is an associate of another is to be determined in accordance with section 435 of the Insolvency Act 1986 (whether or not an associate as so determined);

(b) any Member of the same Group; and

(c) any Member of the same Fund Group;

"**Auditors**" means the auditors of the Company from time to time;

"**Available** Profits" means profits available for distribution within the meaning of part 23 of the Act;

"**B Ordinary Shares**" means the B ordinary shares of £1.50 each in the capital of the Company from time to time;

"**Bad Leaver**" means, with respect to any Relevant Employee: (a) an Employee who ceases to be an Employee at any time (and does not otherwise continue as an Employee) and is not a Good Leaver; or (b) such other meaning as set out in the Relevant Employee's Share Restriction Agreement (if any);

"**Board**" means the board of Directors and any committee of the board as constituted from time to time;

"Bonus Issue" means any return of capital, bonus issue of shares or other securities of the Company by way of capitalisation of profits or reserves or any consolidation or sub-division or redenomination or any repurchase or redemption of shares or any variation in the subscription price or conversion rate applicable to any other outstanding shares of the Company in each case other than shares issued as a result of the events set out in Articles 9.5 or 11;

"**Budget**" has the meaning set out in Annex A;

"**Business Day**" means a day on which clearing banks are ordinarily open for the transaction of normal banking business in the City of London and New York (other than a Saturday or Sunday);

"**call**" has the meaning set out in Article 37.1;

"**Call Notice**" has the meaning set out in Article 37.1;

"**Called Shareholders**" has the meaning set out in Article 23.1;

"**CEO**" means any person appointed as the chief executive officer of the Company from time to time;

"**CIC Group Companies**" means Cambridge Innovation Capital Limited, any company that becomes a Parent Undertaking of Cambridge Innovation Capital Limited and the shareholders of which are, at the time of so becoming, substantially the same as the shareholders in Cambridge Innovation Capital Limited immediately prior to such time, and each of their respective Subsidiary Undertakings from time to time (including Cambridge Innovation Capital (Jersey) Limited);

"**CIC Investors**" means: (i) the CIC Group Companies; and (ii) any company, partnership, unincorporated association, fund, collective investment undertaking, collective investment scheme or co-investment scheme (however configured) of which a CIC Group Company is the investment manager (or an authorised representative of the investment manager) or operator;

"**Civil Partner**" means in relation to a Shareholder, a civil partner (as defined in the Civil Partnerships Act 2004) of the Shareholder;

"**CoC Offer Period**" has the meaning set out in Article 21.3;

"**Commencement Date**" means, with respect to any Relevant Employee, the date on which the Relevant Employee became an Employee or such other date as may be specified by written notice to the Employee or set out in the Relevant Employee's Share Restriction Agreement;

"**Company**" means United Medicines Biopharma Limited (company no. 12973576);

"**Company's Lien**" has the meaning set out in Article 36.1;

"**Competitor**" means any person who is engaged (directly or indirectly, on its own or through third parties) in a business that is directly competing with the business of the Group Companies; provided that any Institutional Investor shall not be considered a Competitor (even if one or more of their investee companies is engaged in the same activities as any of the Group Companies);

"**Completion**" has the meaning given to it in the Subscription Agreement;

"**Connected**" has the meaning given in Section 1122 of the CTA 2010 (and for the avoidance of doubt, each Medicxi Shareholder shall be deemed Connected to each other Medicxi Shareholder);

"**Continuing Shareholder**" has the meaning set out in Article 17.6(a);

"**Controlling Interest**" means an interest in shares giving to the holder or holders control of the Company within the meaning of section 1124 of the CTA 2010;

"**Conversion Date**" has the meaning set out in Article 9.1;

"**Conversion Ratio**" means the conversion rate of one A Preferred Share into one Ordinary Share, subject to adjustment in accordance with Article 9.7;

"**CTA 2010**" means the Corporation Tax Act 2010;

"**Date of Adoption**" means the date on which these Articles were adopted;

"**Deferred Shares**" means deferred shares of £0.001 each in the capital of the Company from time to time;

"**Director(s)**" means a director or directors of the Company from time to time;

"**Drag Along Notice**" has the meaning set out in Article 22.2;

"**Drag Along Option**" has the meaning set out in Article 23.1;

"**Drag Purchaser**" has the meaning set out in Article 23.1;

"**electronic address**" has the same meaning as in section 333 of the Act;

"**electronic form**" and "**electronic means**" have the same meaning as in section 1168 of the Act;

"**Eligible Director**" means a Director who would be entitled to vote on a matter had it been proposed as a resolution at a meeting of the Directors;

"**Employee**" means an individual who is employed by, or who directly or indirectly provides consultancy services to, the Company or any Group Company;

"**Employee Shareholder**" means the person in whose name any Employee Shares are registered;

"**Employee Shares**" means, in relation to a Relevant Employee: (a) any Ordinary Shares held by such Relevant Employee or any of his Permitted Transferees that have been issued pursuant to any Incentivisation Plan (other than Ordinary Shares that an Employee holds as a result of exercising option(s) granted under any Incentivisation Plan); or (b) any Ordinary Shares that are the subject of a Share Restriction Agreement;

"**Encumbrance**" means any mortgage, charge, security, interest, lien, pledge, assignment by way of security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including without limitation any retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever (whether or not perfected other than liens arising by operation of law);

"**Equity Securities**" has the meaning given in sections 560(1) to 560(3) inclusive of the Act;

"**Equity Shares**" means the Shares other than the Deferred Shares;

"**Excess Securities**" has the meaning set out in Article 14.2(b);

"**Exercising Investor**" has the meaning set out in Article 11.1;

"**Exit**" means a Share Sale, an Asset Sale or an IPO;

"**Expert Valuer**" has the meaning set out in Article 18.1;

"**Fair Value**" has the meaning set out in Article 18.3;

"**Family Trust**" means as regards any particular individual member or deceased or former individual member, trusts (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the shares in question is for the time being vested in any person other than the individual member and/or Privileged Relations of that individual; and so that for this purpose a person shall be considered to be beneficially interested in a share if such share or the income thereof is liable to be transferred or paid or applied or appointed to or for the benefit of such person or any voting or other rights attaching thereto are exercisable by or as directed by such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons;

"**Financial Year**" has the meaning given in section 390 of the Act;

"**First Offer Notice**" has the meaning set out in Article 20.3;

"**Fractional Holders**" has the meaning set out in Article 3.3;

"**Fully Diluted Share Capital**" means the aggregate at the time of (in each case on an As Converted Basis): (a) the issued share capital of the Company; and (b) all shares capable of being issued by the Company pursuant to any outstanding rights to subscribe for, or convert any security into, shares as if all those outstanding rights had been exercised in full (including all Shares capable of being issued by the Company in respect of unallocated and/or unvested options pursuant to its Incentivisation Plan(s));

"**Fund Manager**" means a person whose principal business is to make, manage or advise upon investments in securities;

"**Good Leaver**" means, with respect to any Relevant Employee: (a) a person who ceases to be an Employee at any time (and does not otherwise continue as an Employee): (i) due to death, mental or physical permanent incapacity, wrongful dismissal, voluntary retirement at legal age; or (ii) whom the Board in its absolute discretion with Investor Majority Consent and Medicxi Consent designates as a "Good Leaver" in respect of all or some of the Employee Shareholder's Employee Shares; or (b) such other meaning as set out in the Relevant Employee's Share Restriction Agreement (if any);

"**Group**" means the Company and its Subsidiary Undertaking(s) (if any) from time to time, and "**Group Company**" shall be construed accordingly;

"**hard copy form**" has the same meaning as in section 1168 of the Act;

"**Holding Company**" means a newly formed holding company, pursuant to which the membership, pro rata shareholdings and classes of shares comprised in such holding company match those of the Company immediately prior to the transfer of the issued share capital of the Company to such holding company;

"**Incentivisation Plan(s)**" means the share option plan(s) or share purchase plan(s) of the Company established prior to the Date of Adoption and any other share option plan(s) or share purchase plan(s) approved and designated as an "Incentivisation Plan" by the Board (with Investor Majority Consent) from time to time;

"**Independent Directors**" means the Directors appointed by the Board in accordance with Article 28.1(d) (if any);

"**Institutional Investor**" means a fund, partnership, body corporate, trust or other person or entity whose principal business is to make investments or a person whose business is to make, manage or advise upon investments for any of the foregoing (including, without limitation, private equity and infrastructure funds, pension funds, sovereign wealth funds and insurance companies);

"**Investor**" means each of the Medicxi Shareholders (for so long as at least one Medicxi Shareholder holds A Preferred Shares) and the holders A Preferred Shares from time to time;

"**Investor Director Consent**" means the consent of a majority of the Board (including at least one (1) Investor Director) given either:

(a) at a meeting of the Board, which consent, if and when given, should be minuted; or

(b) in writing;

"**Investor Directors**" means the Directors appointed by the Investors in accordance with Article 28.1(a) (if any);

"**Investor Majority**" means the holders of a simple majority of the A Preferred Shares from time to time which must include the Lead Investor;

"**Investor Majority Consent**" means the prior written consent of the Investor Majority;

"**IPO**" means the admission of (or in the case of admission to NASDAQ, the closing of the initial public offering of) all or any of the Shares or securities representing those shares (including without limitation depositary interests, American depositary receipts, American depositary shares and/or other instruments) to trading on NASDAQ or to listing on the Official List of the Financial Conduct Authority or to trading on the AIM Market operated by the London Stock Exchange Plc or any other recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000);

"**IPO Vesting Agreement**" has the meaning set out in Article 10.4(a);

"**Issue Price**" means the price at which the relevant Share is issued or deemed to be issued, including any premium, as adjusted for any Bonus Issue, which in respect of the A Preferred Shares issued on or around the Date of Adoption shall be $5.499999780 per A Preferred Share (other than the Loan Shares (as defined in the Subscription Agreement) which shall have an issue price equal to $4.399999824), as adjusted in accordance with Articles 11.4 and 11.5;

"**ITEPA**" means Income Tax (Earnings and Pensions) Act 2003;

"**Lead Investor**" means General Atlantic UM B.V. and its Permitted Transferees and Affiliates;

"**Lien Enforcement Notice**" has the meaning set out in Article 36.3(a);

"**Major Shareholders**" means any Investor (together with its Permitted Transferees and Affiliates) who holds at least five per cent (5%) of the A Preferred Shares (save that each Medicxi Shareholder shall be a Major Shareholder for so long as the Medicxi Shareholders (together with each of their Permitted Transferees and Affiliates) hold at least five per cent (5%) of the issued share capital of the Company (disregarding any Deferred Shares and any Restricted Shares);

"**Medicxi Consent**" means, for so long as Medicxi Shareholders hold at least twenty per cent (20%) of the Fully Diluted Share Capital, the prior written consent of the Medicxi Shareholders;

"**Medicxi Directors**" means each of the Directors appointed by the Medicxi Shareholders in accordance with Article 28.1(b) (if any);

"**Medicxi Shareholders**" means each of Index Ventures Life VI (Jersey), L.P., Yucca (Jersey) SLP, Medicxi Ventures I LP, Medicxi Co-Invest I LP, Medicxi (MG1) S.à r.l., Medicxi (MV1) S.à r.l., Medicxi Growth I LP, Medicxi Growth Co-Invest I LP, Medicxi Secondary I LP, Medicxi Secondary Co-Invest I LP, together with each of their Permitted Transferees and Affiliates;

"**Member of the same Fund Group**" means if the Shareholder is a fund, partnership, company, syndicate or other entity whose business is managed by a Fund Manager or an entity controlled by a fund, partnership, company, syndicate or other entity whose business is managed by a Fund Manager (an "**Investment Fund**") or is a nominee of that Investment Fund:

(a) any participant or partner in or member of any such Investment Fund or the holders of any unit trust which is a participant or partner in or member of any Investment Fund (but only in connection with the dissolution of the Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course of business);

(b) any Investment Fund managed or advised by that Fund Manager and any Subsidiary Undertaking of such Investment Fund;

(c) any Parent Undertaking or Subsidiary Undertaking of that Fund Manager, or any Subsidiary Undertaking of any Parent Undertaking of that Fund Manager; or

(d) any trustee, nominee or custodian of such Investment Fund and vice versa;

"**Member of the same Group**" means as regards any undertaking, a company which is from time to time a Parent Undertaking or a Subsidiary Undertaking of that company or a Subsidiary Undertaking of any such Parent Undertaking;

"**Member of the University Group**" means:

(a) the University or any Subsidiary of the University;

(b) any of the University Seed Funds; and

(c) any CIC Group Company;

"**Month**" means the period of time between the same dates in successive calendar months and if there is no such same date, the last day of the calendar month in question;

"**NASDAQ**" means the NASDAQ National Stock Market of the NASDAQ OMX Group Inc.;

"**New Securities**" means any shares or other securities convertible into, or carrying the right to subscribe for, those shares issued by the Company after the Date of Adoption (other than shares or securities issued as a result of the events set out in Article 14.7);

"**Offer**" has the meaning set out in Article 21.2;

"**Offer Period**" has the meaning set out in Article 17.6(a);

"**Ordinary Shares**" means the A Ordinary Shares and the B Ordinary Shares;

"**Original Shareholder**" has the meaning set out in Article 16.1;

"**Permitted Transfer**" means a transfer of Shares in accordance with Article 16;

"**Permitted Transferee**" means:

(a) in relation to a Shareholder who is an individual, any of his Privileged Relations, Trustees or Qualifying Companies;

(b) in relation to a Shareholder which is an undertaking (as defined in section 1161(1) of the Act), any Member of the same Group;

(c) in relation to a Shareholder which is an Investment Fund, any Member of the same Fund Group or any member of the same Group; and

(d) in relation to the Medicxi Shareholders, any other Medicxi Shareholder or any Permitted Transferee or Affiliate of any Medicxi Shareholder;

(e) in relation to an Investor:

(i) any Member of the same Group;

(ii) any Member of the same Fund Group; or

(iii) any nominee of that Investor;

(f) in relation to a Member of the University Group, any other Member of the University Group; and

(g) in relation to any CIC Investor, to any other CIC Investor;

"**Privileged Relation**" means, in relation to a Shareholder who is an individual member or deceased or former member, a spouse, Civil Partner, child or grandchild (including step or adopted or illegitimate child and their issue);

"**Proceeds of Sale**" means the consideration payable (including, without limitation, any deferred and/or contingent consideration and any other consideration which, having regard to the substance of the transaction as a whole, can be reasonably regarded as an addition to the price paid or payable for the Shares being sold, in each case only when such amount becomes payable) whether in cash or otherwise to, in the case of a Share Sale, those Shareholders selling Shares under a Share Sale and, in the case of an Asset Sale, the Company by way of consideration from the relevant purchaser pursuant to the terms of the Asset Sale, in each caseless any fees, costs and expenses payable in respect of such Share Sale as approved by the Board with Investor Majority Consent and Medicxi Consent;

"**Proposed Exit**" has the meaning set out in Article 6.4;

"**Proposed Purchaser**" means a proposed purchaser who at the relevant time has made an offer on arm's length terms;

"**Proposed Sale Date**" has the meaning set out in Article 21.3;

"**Proposed Sale Notice**" has the meaning set out in Article 21.3;

"**Proposed Seller**" means any bona fide person proposing to transfer any shares in the capital of the Company;

"**Proposed Transfe**r" has the meaning set out in Article 21.1;

"**Qualified IPO**" means a firmly underwritten IPO on the New York Stock Exchange or NASDAQ or other internationally recognised stock exchange in relation to which: (a) is lead managed by one or more internationally recognised investment banks; and (b) the gross aggregate subscription amount in respect of new Ordinary Shares and/or depositary receipts representing such new Ordinary Shares issued at the IPO is greater than $75 million;

"**Qualifying Company**" means a company in which a Shareholder or Trustee(s) who holds the entire issued share capital and over which that Shareholder or Trustee(s) exercises control (within the meaning of section 1124 of the CTA 2010);

"**Qualifying Issue**" shall have the meaning set out in Article 11.1;

"**Qualifying Person**" has the meaning given in section 318(3) of the Act;

"**Relevant Employee**" means any Employee who is issued Shares pursuant to any Incentivisation Plan (other than Ordinary Shares that an Employee holds as a result of exercising option(s) granted under any Incentivisation Plan) and/or any person who has entered into a Share Restriction Agreement;

"**Relevant Interest**" has the meaning set out in Article 32.4;

"**Restricted Member**" has the meaning set out in Article 7.6;

"**Restricted Shares**" has the meaning set out in Article 7.7;

"**ROFO Notice**" has the meaning set out in Article 20.2;

"**ROFO Period**" has the meaning set out in Article 20.3;

"**ROFO Purchaser**" has the meaning set out in Article 20.3;

"**ROFO Shares**" has the meaning set out in Article 20.2(a);

"**ROFO Seller**" has the meaning set out in Article 20.2;

"**Sale Shares**" has the meaning set out in Article 17.1;

"**Seller**" has the meaning set out in Article 17.1;

"**Share Restriction Agreement**" means any agreement entered into between an Employee and the company in respect of any Employee Shares setting out the basis on which the proportion of any Employee Shares which may be converted into Deferred Shares at any time is to be determined;

"**Share Sale**" means the sale of (or the grant of a right to acquire or to dispose of (regardless of whether such right or obligation is contingent and/or optional)) any of the shares in the capital of the Company (in one transaction or as a series of transactions) which will result (or will result upon exercise of such right) in the purchaser of those shares (or grantee of that right) and persons Acting in Concert with him together acquiring a Controlling Interest in the Company, except where following completion of the sale the Shareholders and the proportion of shares held by each of them are substantially the same as the Shareholders and their shareholdings in the Company immediately prior to the sale;

"**Shareholde**r" means any holder of any Shares;

"**Shareholders' Agreement**" means the shareholders' agreement dated on or around the Date of Adoption between, amongst others, the Company, the Initial Key Managers and the Initial Investors (each as defined therein), as amended, amended and restated and/or superseded from time to time;

"**Shares**" means the Ordinary Shares, the A Preferred Shares and the Deferred Shares from time to time;

"**Subscription Agreement**" means the subscription agreement dated on or around the Date of Adoption between the Company and the Subscribers (as defined therein), as amended, amended and restated and/or superseded from time to time;

"**Subsidiary**", "**Subsidiary Undertaking**" and "**Parent Undertaking**" have the respective meanings set out in sections 1159 and 1162 of the Act;

"**Transfer Notice**" means a notice in writing to the Company given or deemed to have been given in accordance with Article 17;

"**Transfer Price**" has the meaning set out in Article 17.2;

"**Trustees**" in relation to a Shareholder means the trustee or the trustees of a Family Trust;

"**University**" means The Chancellor, Masters and Scholars of the University of Cambridge;

"**University Seed Funds**" means the Cambridge Enterprise Seed Funds, the University of Cambridge Enterprise Fund and those funds established by Cambridge Enterprise Limited or the University from time to time to invest or co-invest in University spin-outs which are managed or operated by Cambridge Enterprise Limited or to which Cambridge Enterprise Limited is appointed representative or investment adviser;

"**Unvested**" means in respect of a Relevant Employee's Employee Shares, any Shares that are not Vested Shares; and

"**Vested**" or "**Vested Shares**" means in respect of a Relevant Employee's Employee Shares, either:

(a) the proportion of a Relevant Employee's Employee Shares which cease to be capable of being converted into Deferred Shares in accordance with Article 10.1 upon that Relevant Employee ceasing to be an Employee (and does not otherwise continuing as an Employee) by reason of being a Good Leaver; or

(b) if the Relevant Employee and the Company have entered into a Share Restriction Agreement, the proportion of the Relevant Employee's Employee Shares shall be calculated in accordance with such Share Restriction Agreement.

3. SHARE CAPITAL

3.1 In these Articles, unless the context requires otherwise, references to shares of a particular class shall include shares allotted and/or issued after the Date of Adoption and ranking pari passu in all respects (or in all respects except only as to the date from which those shares rank for dividend) with the shares of the relevant class then in issue.

3.2 Except as otherwise provided in these Articles (including, without limitation, as set forth in Articles 5 and 6), the Ordinary Shares and the A Preferred Shares shall rank pari passu in all respects but shall constitute separate classes of shares.

3.3 If any Shareholder becomes entitled to fractions of an Ordinary Share as a result of conversion (the "**Fractional Holders**"), the Board may (in its absolute discretion) deal with these fractions as they think fit on behalf of the Fractional Holders. In particular, the Board may:

(a) aggregate and sell the fractions to a person for the best price reasonably obtainable and distribute the net proceeds of sale in due proportions among the Fractional Holders. For the purposes of completing any such sale of fractions, the chairman of the Company or, failing him, the secretary will be deemed to have been appointed the Fractional Holder's agent for the purpose of the sale; or

(b) ignore their fractions or accrue the benefit of such fractions to the Company rather than the Fractional Holder.

3.4 The words "and the directors may determine the terms, conditions and manner of redemption of any such shares" shall be deleted from article 22(2) of the Model Articles.

3.5 Subject to Investor Majority Consent and the Act, the Company may purchase its own Shares to the extent permitted by section 692(1ZA) of the Act.

3.6 Paragraph (c) of article 24(2) of the Model Articles shall be amended by the replacement of the words "that the shares are fully paid; and" with the words "the amount paid up on them; and".

3.7 In article 25(2) of the Model Articles, the words "payment of a reasonable fee as the directors decide" in paragraph (c) shall be deleted and replaced by the words "payment of the expenses reasonably incurred by the Company in investigating evidence as the directors may determine".

3.8 The Company shall be entitled to retain any share certificate(s) relating to any Employee Shares while any such Employee Shares remain Unvested.

4. DIVIDENDS

4.1 In respect of any Financial Year, the Company's Available Profits will be applied as set out in this Article 4.

4.2 Any Available Profits which the Board may determine, with Investor Majority Consent and Medicxi Consent, to distribute in respect of any Financial Year will be distributed among the holders of the Ordinary Shares and A Preferred Shares (pari passu as if the Ordinary Shares and A Preferred Shares constituted one class of share) pro rata to their respective holdings of Ordinary Shares and A Preferred Shares. The Deferred Shares shall not entitle the holders to receive any dividend or other distribution.

4.3 Subject to the Act and these Articles, the Board may, provided Investor Majority Consent and Medicxi Consent is given, pay interim dividends if justified by the Available Profits in respect of the relevant period.

4.4 Every dividend shall accrue on a daily basis assuming a 365 day year. All dividends are expressed net and shall be paid in cash.

4.5 There shall be deducted from any dividend paid to the holder of any share(s) that is (or are) nil paid or partly paid an amount equal to the aggregate amount outstanding in respect of payment for that (or those) share(s), and the Company shall apply that amount towards payment of the outstanding balance of the price payable on that (or those) share(s).

4.6 A capitalised sum which was appropriated from Available Profits may be applied in or towards paying up any sums unpaid on existing Shares held by the persons entitled to such capitalised sum.

4.7 If:

(a) a Share is subject to the Company's Lien; and

(b) the Board is entitled to issue a Lien Enforcement Notice in respect of it,

it may (disregarding any votes of Directors nominated by the Shareholder to whose Share(s) the Company's Lien in question relates or any other Shareholder with whom such Shareholder is Connected), instead of issuing a Lien Enforcement Notice, deduct from any dividend or other sum payable in respect of the Share any sum of money which is payable to the Company by the holder of that Share to the extent that they are entitled to require payment under a Lien Enforcement Notice. Money so deducted shall be used to pay any of the sums payable in respect of that Share and/or used to discharge any other indebtedness owing from the holder of that Share to the Company (as the Board may decide). The Company shall notify the distribution recipient in writing of:

(i) the fact and sum of any such deduction;

(ii) any non-payment of a dividend or other sum payable in respect of a Share resulting from any such deduction; and

(iii) how the money deducted has been applied.

4.8 Article 31(1) of the Model Articles shall be amended by:

(a) the replacement of the words "either in writing or as the directors may otherwise decide" at the end of paragraphs (a), (b) and (c) of that article 31(1) of the Model Articles with the words "in writing"; and

(b) the replacement of the words "either in writing or by such other means as the directors decide" from the end of paragraph (d) of that article 31(1) of the Model Articles with the words "in writing".

4.9 Notwithstanding the right of the Company to distribute Available Profits to Shareholders in accordance with this Article 4, any distribution of Available Profits to Shareholders as a result of an Asset Sale or on a liquidation shall be distributed in accordance with the provisions of Articles 5 to 6 and not this Article 4.

5. LIQUIDATION PREFERENCE

5.1 On a distribution of assets on a liquidation or a return of capital (other than a conversion, redemption or purchase of Shares) the surplus assets of the Company remaining after the payment of its liabilities shall be distributed (to the extent that the Company is lawfully permitted to do so) as follows:

(a) first, in paying to each holder of A Preferred Shares, in priority to any other classes of Shares, an amount per A Preferred Share held equal to its Issue Price (provided that if there are insufficient surplus assets to pay the amounts per share equal to the Issue Price, the surplus assets shall be distributed to the holders of A Preferred Shares pro rata to amounts paid up on the A Preferred Shares);

(b) second, in paying to the holders of the Deferred Shares, if any, a total of £1.00 for the entire class of Deferred Shares (which payment shall be deemed satisfied by payment to any one holder of Deferred Shares); and

(c) last, the balance of the surplus assets (if any) shall be distributed among the holders of Ordinary Shares pro rata to the number of Ordinary Shares held.

5.2 For the purposes of determining the amount each holder of A Preferred Shares is entitled to receive pursuant to Article 5.1, each such holder shall be deemed to have converted (regardless of whether such holder actually converted) all of its A Preferred Shares into Ordinary Shares immediately prior to the event giving rise to the distribution under Article 5.1(a) if, as a result of an actual conversion, such holder would receive under Article 5.1(c) (as determined in good faith by the Board), an amount greater than the amount that would otherwise be distributed to such holder under Article 5.1(a) and in such circumstances:

(a) the entitlement of the relevant holder(s) of A Preferred Shares, as calculated in accordance with Article 5.1(a) shall rank pari passu with the entitlements of the holders of Ordinary Shares under Article 5.1(c); and

(b) the relevant holder(s) of A Preferred Shares shall not be entitled to any distribution under Article 5.1(a).

5.3 In the event that a Share is transferred in accordance with these Articles, in calculating the entitlement of a transferee to receive payment under Article 5.1 (and Article 5.2 if applicable) the transferee shall be:

(a) entitled to receive any payment to which the original subscriber would have been entitled to receive in respect of that Share under Article 5.1 (and Article 5.2 if applicable); and

(b) deemed to have received any prior distribution of income or payment of capital made to all previous holders in respect of that Share.

6. EXIT PROVISIONS

6.1 On a Share Sale the Proceeds of Sale shall be distributed in the order of priority set out in Article 5 and the Board shall not register any transfer of Shares if the Proceeds of Sale are not so distributed save in respect of any Shares not sold in connection with that Share Sale provided that if the Proceeds of Sale are not settled in their entirety upon completion of the Share Sale:

(a) the Board shall not be prohibited from registering the transfer of the relevant Shares so long as the Proceeds of Sale that are settled have been distributed in the order of priority set out in Article 5; and

(b) the Shareholders shall take any action necessary to ensure that the Proceeds of Sale in their entirety are distributed in the order of priority set out in Article 5.

6.2 In the event that the Proceeds of Sale are distributed on more than one occasion (for any deferred or contingent consideration or otherwise), the consideration so distributed on any further occasion shall be paid by continuing the distribution from the previous distribution of consideration in the order of priority set out in Article 5.

6.3 On an Asset Sale the surplus assets of the Company remaining after the payment of its liabilities shall be distributed (to the extent that the Company is lawfully permitted to do so) in the order of priority set out in Article 5 provided always that if it is not lawful for the Company to distribute its surplus assets in accordance with the provisions of these Articles, the Shareholders shall take any action necessary (including, but without prejudice to the generality of this Article 6.3, actions that may be necessary to put the Company into voluntary liquidation) so that Article 5 applies.

6.4 In the event of an Exit approved by the Board, an Investor Majority Consent and a Medicxi Consent (the "**Proposed Exit**"), all Shareholders shall consent to, vote for, raise no objections to and waive any applicable rights in connection with the Proposed Exit ("**Actions**"). The Shareholders shall be required to take all Actions with respect to the Proposed Exit as are required by the Board to facilitate the Proposed Exit. If any Shareholder fails to comply with the provisions of this Article, the Company shall be constituted the agent of each defaulting Shareholder for taking the Actions as are necessary to effect the Proposed Exit and the Board (disregarding any votes of Directors nominated by the defaulting Shareholder or any other Shareholder with whom such Shareholder is Connected) may authorise an officer or member to execute and deliver on behalf of such defaulting Shareholder the necessary documents and the Company may receive any purchase money due to the defaulting Shareholder in trust for each of the defaulting Shareholders.

7. VOTES IN GENERAL MEETING AND WRITTEN RESOLUTIONS

7.1 The A Preferred Shares shall confer on each holder of A Preferred Shares the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to receive and vote on proposed written resolutions of the Company.

7.2 Subject to Article 7.6, the Ordinary Shares shall confer on each holder of Ordinary Shares the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to receive and vote on proposed written resolutions of the Company.

7.3 The Deferred Shares (if any) shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company nor to receive or vote on, or otherwise constitute an eligible member for the purposes of, proposed written resolutions of the Company.

7.4 Where Shares confer a right to vote, on a show of hands each holder of such shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall have one vote and on a poll each such holder so present shall have one vote for each such qualifying Share held by him.

7.5 No voting rights attached to a share which is nil paid or partly paid may be exercised:

(a) at any general meeting, at any adjournment of it or at any poll called at or in relation to it; or

(b) on any proposed written resolution,

unless all of the amounts payable to the Company in respect of that share have been paid.

Suspension of voting rights

7.6 All voting rights attached to Ordinary Shares held by an Employee or by any of their respective Permitted Transferees (the "**Restricted Member**"), if any, shall at the time that Employee ceases to be an Employee (and does not continue to be an Employee) be suspended unless the Board, the Investor Majority Consent and a Medicxi Consent notify him otherwise.

7.7 Any Ordinary Shares whose voting rights are suspended pursuant to Article 7.6 (the "**Restricted Shares**") shall confer on the holders of Restricted Shares the right to receive a notice of and attend all general meetings of the Company but shall have no right to vote either in person or by proxy or to vote on any proposed written resolution. Voting rights suspended pursuant to Article 7.6 shall be automatically restored immediately prior to an IPO. If a Restricted Member transfers any Restricted Shares in accordance with these Articles all voting rights attached to the Restricted Shares so transferred shall upon completion of the transfer (as evidenced by the transferee's name being entered in the Company's register of members) automatically be restored.

8. CONSOLIDATION OF SHARES

8.1 Whenever as a result of a consolidation of Shares any Shareholders would become entitled to fractions of a Share, the Board may, on behalf of those Shareholders, sell the Shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Act, the Company) and distribute the net proceeds of sale in due proportion among those Shareholders, and the Board may authorise any person to execute an instrument of transfer of the Shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the Shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

8.2 When the Company sub-divides or consolidates all or any of its Shares, the Company may, subject to the Act and to these Articles, by ordinary resolution determine that, as between the Shares resulting from the sub-division or consolidation, any of them may have any preference or advantage or be subject to any restriction as compared with the others.

9. CONVERSION OF THE A PREFERRED SHARES

9.1 Each holder of A Preferred Shares may at any time convert all, or any part of, its holding of A Preferred Shares into an equivalent number of Ordinary Shares. Such right of conversion shall be effected by notice in writing given to the Company signed by the holder of the relevant A Preferred Shares. A conversion under this Article shall take effect immediately upon the date of delivery of such notice to the Company (the **"Conversion Date"**).

9.2 All of the A Preferred Shares shall automatically convert into an equivalent number of Ordinary Shares:

(a) on the date of a notice given by an Investor Majority Consent stating that such a conversion shall occur (which shall be treated as the Conversion Date); or

(b) immediately upon the occurrence of a Qualified IPO.

9.3 In the case of: (a) Article 9.1, not more than five (5) Business Days after the Conversion Date; or (b) in the case of Article 9.2, at least five (5) Business Days prior to the occurrence of the Qualified IPO, each holder of the relevant A Preferred Shares shall deliver the share certificate(s) (or an indemnity for lost share certificate(s) in a form acceptable to the Board) in respect of the A Preferred Shares being converted to the Company at its registered office for the time being.

9.4 Where conversion is mandatory on the occurrence of a Qualified IPO, that conversion will be effective only immediately prior to and conditional upon such Qualified IPO (and **"Conversion Date"** shall be construed accordingly) and, if such Qualified IPO does not become effective or does not take place, such conversion shall be deemed not to have occurred.

9.5 On the Conversion Date, the relevant A Preferred Shares shall without further authority than is contained in these Articles stand converted into Ordinary Shares at the Conversion Ratio, and the Ordinary Shares resulting from that conversion shall in all other respects rank pari passu with the existing issued Ordinary Shares. Any Ordinary Shares which are required to be issued to a holder of A Preferred Shares on an IPO in excess of a 1:1 Conversion Ratio shall, to the extent required, be paid up by the automatic capitalisation of any amount standing to the credit of the share premium account or any other available reserve of the Company as determined by the Board and those additional Ordinary Shares shall be issued at par, credited as fully paid.

9.6 The Company shall on the Conversion Date enter the holder of the converted A Preferred Shares on the register of members of the Company as the holder of the appropriate number of Ordinary Shares and, subject to the relevant holder delivering its share certificate(s) (or an indemnity for any lost share certificate(s) in a form acceptable to the Board) in respect of the relevant A Preferred Shares in accordance with this Article, the Company shall within ten (10) Business Days of the Conversion Date forward to such holder of A Preferred Shares by post to his address shown in the register of members, free of charge, a definitive certificate for the appropriate number of fully paid Ordinary Shares (or, in the case of an IPO, such other arrangement as has been agreed with the Company's registrar). .

9.7 The Conversion Ratio shall from time to time be adjusted in accordance with the provisions of this Article. If A Preferred Shares remain capable of being converted into new Ordinary Shares and there is a Bonus Issue, the Conversion Ratio shall be adjusted by an amount, which in the opinion of the Board is fair and reasonable, to maintain the right to convert so as to ensure that each holder of A Preferred Shares is in no better or worse position as a result of such Bonus Issue, such adjustment to become effective immediately after such Bonus Issue.

9.8 If a doubt or dispute arises concerning an adjustment of the Conversion Ratio in accordance with Article 9.7, or if so requested by an Investor Majority, the Board shall refer the matter to the Auditors (acting as experts and not as arbitrators) for determination who shall make available to all holders of Equity Shares their report and whose certificate as to the amount of the adjustment is, in the absence of manifest error, conclusive and binding on all concerned and their costs shall be met by the Company.

10. VESTING OF EMPLOYEE SHARES

10.1 Subject to article 10.2, if any Relevant Employee ceases for any reason to be an Employee (and does not otherwise continue as an Employee), the following proportion of the Employee Shares relating to that Relevant Employee shall immediately convert into Deferred Shares (unless the Relevant Employee and the Company (with Investor Majority Consent and Medicxi Consent) have agreed otherwise in a Share Restriction Agreement, in which case the proportion shall be calculated in accordance with such Share Restriction Agreement):

(a) where the Relevant Employee ceases to be an Employee (and does not otherwise continue as an Employee) by reason of being a Bad Leaver, all of the Employee Shares; and

(b) where the Relevant Employee ceases to be an Employee (and does not otherwise continue as an Employee) by reason of being a Good Leaver, the proportion of the Employee Shares provided for in the table below:

Effective Termination Date	Proportion
At any time prior to the first anniversary of the Commencement Date	100%
At any time following the first anniversary of the Commencement Date but prior to the fourth anniversary of the same	$\left(100-\left[\frac{U\times 100}{48}\right]\right)\%$
At any time on or after the fourth anniversary of the Commencement Date	0%

where

"U" means the number of complete Months elapsed since the Commencement Date; and

"Effective Termination Date" means the date on which the Relevant Employee ceases to be an Employee (and does not otherwise continue as an Employee) or, if earlier:

A. in the case of an individual who is employed by a Group Company, the date on which such individual gives or receives notice terminating his employment or engagement; and

B. in the case of an individual whose services are made available to a Group Company under the terms of an agreement between a Group Company on the one hand and such individual or any other person on the other hand, the date on which such individual or other person gives or receives notice terminating such agreement,

and where Employee Shares have been issued on or otherwise have more than one Commencement Date, this Article 10.1(b) shall be applied separately in respect of Employee Shares which have been issued on or otherwise have the same Commencement Date.

10.2 Unless the Board with Investor Majority Consent and Medicxi Consent determines that this Article 10.2 shall not apply, immediately prior to an Exit, the Relevant Employee's Employee Shares which are Unvested shall immediately convert into Deferred Shares.

10.3 Unless the Board with Investor Majority Consent and Medicxi Consent determines that this Article 10.3 shall not apply, immediately prior to the completion of an IPO, either:

(a) the Relevant Employee's Employee Shares which are Unvested shall immediately convert into Deferred Shares; or

(b) that Relevant Employee (and any other Employee Shareholder who holds any such Employee Shares) shall have been required to enter into, and shall have entered into, agreement(s) or arrangement(s) as are referred to in Article 10.4, in which case the Employee Shares which are Unvested will cease to be capable of being converted into Deferred Shares in accordance with this Article.

10.4 The Board may, and shall at the request of an Investor Majority and Medicxi Consent, require a Relevant Employee to whom any Employee Shares relate (and/or any other person who holds such Employee Shares), to enter into the following agreement(s) or arrangement(s) on such terms as it may specify:

(a) in respect of:

(i) that Relevant Employee's Employee Shares that are Unvested immediately prior to the completion of the IPO; and

(ii) the shares representing those Employee Shares referred to in Article 10.4(a)(i) arising out of any reorganisation in connection with an IPO (including, without limitation, any of the matters contemplated by Articles 42 and 43),

an agreement or arrangement to ensure that such shares are subject to vesting arrangements having a substantially equivalent commercial effect to those to which the Employee Shares would have been subject under these Articles or the relevant Share Restriction Agreement (as applicable) had the IPO not occurred and those provisions continue to apply (an "**IPO Vesting Agreement**"), and any Employee Shares to which the provisions of an IPO Vesting Agreement apply are referred to as the Relevant Employee's "**IPO Unvested Shares**"; and

(b) in respect of:

(i) that Relevant Employee's Employee Shares that are Vested immediately prior to the completion of the IPO; and

(ii) the shares representing those Employee Shares referred to in Article 10.4(b)(i) arising out of any reorganisation in connection with an IPO (including, without limitation, any of the matters contemplated by Articles 42 and 43),

a lock up agreement or arrangement on such terms as an Investor Majority may require (provided that it is not materially more onerous than the terms of any lock-up agreement entered into by the members of any such Investor Majority and the Medicxi Consent).

10.5 Without limitation, an IPO Vesting Agreement may provide that:

(a) interests in IPO Unvested Shares may not without the prior written approval of the Board be transferred or disposed of; and

(b) if the IPO had not occurred and any of the Employee Shares attributable to any IPO Unvested Shares would (but for the application of Article 10.3) have become Deferred Shares in accordance with this Article 10 or any relevant Share Restriction Agreement (assuming the relevant provisions of these Articles and any applicable Share Restriction Agreement had continued to apply), the relevant Employee Shareholder may be required to transfer those IPO Unvested Shares to such person as the Board may in writing specify (which may include the Company) for such nominal consideration, or no consideration, as the Board may specify.

10.6 The Board may require that all or some of an Employee Shareholder's IPO Unvested Shares be transferred by the relevant Employee Shareholder to a nominee specified by the Board on such terms as the Board may specify in order to ensure that the Board may enforce the provisions referred to in Articles 10.4 and 10.5.

10.7 If any Employee Shareholder and, if relevant any Relevant Employee, fails, to enter into any agreement(s) or arrangement(s) referred to in Article 10.4, then (unless the Board determines otherwise) immediately prior to completion of the IPO all of the relevant Employee Shareholder's Employee Shares identified as Unvested and which would otherwise become IPO Unvested Shares shall immediately convert into Deferred Shares in accordance with Article 10.3.

10.8 Any Director of the Company may as agent of an Employee Shareholder:

(a) enter into and/or execute all such agreement(s) and/or arrangement(s) and/or document(s) on that Employee Shareholder's behalf as may be reasonable and/or necessary in that Director's opinion to give effect to all or any provisions of Articles 10.3 to 10.7; and

(b) do all such other acts, matters or things on that Employee Shareholder's behalf as the Board may reasonably require in order to give effect to the provisions of Articles 10.3 to 10.7.

10.9 Upon any conversion of Employee Shares into Deferred Shares, the Company shall be entitled to enter the holder of the Deferred Shares on the register of members of the Company as the holder of the appropriate number of Deferred Shares as from the Conversion Date. Upon the date of conversion, the Relevant Employee (and his Permitted Transferee(s)) shall deliver to the Company at its registered office the share certificate(s) (to the extent not already in the possession of the Company) (or an indemnity for lost share certificate in a form acceptable to the Board) for the Shares so converting and upon such delivery there shall be issued to him (or his Permitted Transferee(s)) share certificate(s) for the number of Deferred Shares resulting from the relevant conversion and any remaining Ordinary Shares.

10.10 This Article 10 shall cease to apply on the occurrence of such event as the Board with Investor Majority Consent may specify.

10.11 For the purposes of giving effect to the provisions of this Article 10:

(a) where, in accordance with this Article, a proportion of an Employee Shareholder's shares are to be identified as Vested, a proportion are to be identified as Unvested and/or some have converted into Deferred Shares, the Board may determine which particular Employee Shares are to be identified as Vested or Unvested and/or which Employee Shares have been converted into Deferred Shares;

(b) where, in accordance with this Article, at a particular point in time Employee Shares are to be identified as Vested or have converted into Deferred Shares, if the Board determines that the point at which such matter is to occur needs to occur earlier than provided for in this Article in order to more easily give effect to the relevant Exit and/or IPO, the Board may determine that the relevant matter may occur at a time earlier than that provided for in this Article 10 provided that in making any such determination, no Employee Shareholder suffers a material detriment; and

(c) where a nominee holds Employee Shares, the Board shall be entitled to direct the nominee as to which Employee Shares it holds are be identified as Vested or Unvested or which have become Deferred Shares, so as to give effect to the purpose of this Article 10.

11. ANTI-DILUTION PROTECTION

11.1 If New Securities are issued by the Company at a price per New Security which equates to less than the Issue Price for the A Preferred Shares (a "**Qualifying Issue**") (which in the event that the New Security is not issued for cash shall be a price certified by the Auditors (acting as experts and not as arbitrators) as being in their opinion the current cash value of the non-cash consideration for the allotment of the New Securities) then the Company shall, unless the Investor Majority and the Medicxi Consent shall have specifically waived the rights of all of the holders of A Preferred Shares, issue to each holder of A Preferred Shares (the "**Exercising Investor**") a number of new A Preferred Shares determined by applying the following formula (and rounding the product, N, down to the nearest whole Share), subject to adjustment as certified in accordance with Article 11.3 (the "**Anti-Dilution Shares**"):

$$N = \left(\left(\frac{SIP}{WA}\right) \times Z\right) - Z$$

Where:

N= Number of Anti-Dilution Shares to be issued to the Exercising Investor

WA = $\frac{(SIP x ESC) + (QISP x NS)}{(ESC + NS)}$

SIP = Issue Price of the A Preferred Shares (as the case may be)

ESC = the number of Equity Shares in issue plus the aggregate number of shares in respect of which options to subscribe have been granted, or which are subject to convertible securities (including but not limited to warrants) (and where the number of shares subject to convertible securities is not then determinable, the number of shares to be used shall be the number of shares which the Board determines is the best estimate of the number of shares into which the convertible securities will ultimately convert) in each case immediately prior to the Qualifying Issue but excluding any such shares which are comprised in the Qualifying Issue

QISP = the lowest per share price of the New Securities issued pursuant to the Qualifying Issue (which in the event that that New Security is not issued for cash shall be the sum certified by the Auditors acting as experts and not arbitrators as being in their opinion the current cash value of the non-cash consideration for the allotment of the New Security)

NS = the number of New Securities issued pursuant to the Qualifying Issue

Z = the number of A Preferred Shares held by the Exercising Investor prior to the Qualifying Issue.

11.2 The Anti-Dilution Shares shall:

(a) be paid up by the automatic capitalisation of available reserves of the Company, unless and to the extent that the same shall be impossible or unlawful or a majority of the Exercising Investors shall agree otherwise, in which event the Exercising Investors shall be entitled to subscribe for the Anti-Dilution Shares in cash at par (being the par value approved in advance by the Board) and the entitlement of such Exercising Investors to Anti-Dilution Shares shall be increased by adjustment to the formula set out in Article 11.1 so that the Exercising Investors shall be in no worse position than if they had not so subscribed at par. In the event of any dispute between the Company and any Exercising Investor as to the effect of Article 11.1 or this Article 11.2, the matter shall be referred (at the cost of the Company) to the Auditors (acting as experts and not as arbitrators) for certification of the number of Anti-Dilution Shares to be issued. The Auditor's certification of the matter shall in the absence of manifest error be final and binding on the Company and the Exercising Investor; and

(b) subject to the payment of any cash payable pursuant to Article 11.2(a) (if applicable), be issued, credited fully paid up in cash and shall rank pari passu in all respects with the existing A Preferred Shares, within five (5) Business Days of the expiry of the offer being made by the Company to the Exercising Investor and pursuant to Article 11.2(a).

11.3 In the event of any Bonus Issue, the Issue Price shall also be subject to adjustment on such basis as may be agreed by the Company with the Investor Majority within ten (10) Business Days after any Bonus Issue. If the Company and the Investor Majority cannot agree such adjustment it shall be referred to the Auditors whose determination shall, in the absence of manifest error, be final and binding on the Company and each of the Shareholders. The costs of the Auditors shall be borne by the Company.

11.4 In the event of an issue of Anti-Dilution Shares, the Issue Price shall be adjusted on such basis as may be agreed by the Company with the Investor Majority within ten (10) Business Days after that issue so as to ensure that the aggregate Issue Price immediately before that issue is equal to the aggregate Issue Price immediately following that issue plus any par amount which might have been paid for such Anti-Dilution Shares. If the Company and the Investor Majority do not agree that adjustment within the ten (10) Business Day period referred to above, they must refer the matter to:

(a) the Auditors; or

(b) if the Auditors decline or are unable to act, an independent firm of accountants jointly appointed by the Company and the Investor Majority,

or if paragraph 10.4(b) above applies and the Company and the Investor Majority do not agree the identity of the independent firm of accountants within five (5) Business Days of the end of the ten (10) Business Day period referred to above, either the Company or the Investor Majority may request the President for the time being of the Institute of Chartered Accountants in England and Wales (or his duly authorised deputy) to nominate an independent firm of accountants for that purpose. As soon as practicable after that nomination, the Company and the Investor Majority must jointly appoint the independent firm so nominated. The Company and the Investor Majority must act reasonably and in good faith to agree with the Auditors or the relevant firm of accounts (as applicable) the detailed terms of reference and the procedures that are to apply in relation to the adjustment of the Issue Price.

11.5 If either the Company or the Investor Majority fails to:

(a) appoint the Auditors or the relevant firm of accountants; or

(b) agree the terms of reference and procedures with the Auditors or the relevant firm of accountants,

in accordance with and within the time limits stipulated by Article 10.4, the other party may (acting reasonably), in its sole capacity, make that appointment and agree those terms of reference and procedures on behalf of both parties.

12. DEFERRED SHARES

12.1 Subject to the Act, any Deferred Shares may be purchased by the Company at any time at its option for the aggregate sum of one penny for all the Deferred Shares registered in the name of any holder(s) without obtaining the consent of the holder(s).

12.2 The allotment or issue of Deferred Shares or the conversion or re-designation of shares into Deferred Shares shall be deemed to confer irrevocable authority on the Company at any time after their allotment, issue, conversion or re-designation, without obtaining the consent of such holder(s), to:

(a) appoint any person to execute any transfer (or any agreement to transfer) of such Deferred Shares to such person(s) as the Company may determine (as nominee or custodian thereof or otherwise), including (subject to the Act) to the Company itself, in any such case for a price being not more than an aggregate sum of one penny for all the Deferred Shares registered in the name of such holder(s); and/or

(b) receive the consideration for such a transfer or purchase (and give a good discharge for it) and hold the same on trust for the transferor(s); and/or

(c) give, on behalf of such holder(s), consent to the cancellation of such Deferred Shares; and/or

(d) retain the share certificate(s) (if any) in respect of such Deferred Shares pending the transfer, cancellation and/or purchase thereof.

12.3 No Deferred Share may be transferred without the prior consent of the Board.

13. VARIATION OF RIGHTS

13.1 Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any such class may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding-up) with the consent in writing of the holders of more than seventy five per cent (75%) in nominal value of the issued shares of that class then entitled to vote, save that the special rights attaching to the A Preferred Shares may only be varied or abrogated with Investor Majority Consent.

13.2 The creation of a new class of shares which has preferential rights to one or more existing classes of shares shall not constitute a variation of the rights of those existing classes of shares.

13.3 The special rights attaching to the Deferred Shares as a class may be varied or abrogated by a special resolution without the requirement for any consent by the holders of the Deferred Shares or any of them.

13.4 For as long as the capital of the Company is divided into different classes of shares, unless otherwise expressly provided by the rights attached to any share or class of shares, those rights shall not be varied by anything the Company may do to give effect to any reorganisation in connection with an IPO (including, without limitation, any of the matters contemplated by Articles 42 and 43).

13.5 Notwithstanding the provisions of Article 13.4, the provisions of Article 13.4 shall apply with respect to the A Preferred Shares modified as follows:

"those rights shall not be varied by anything the Company may do to give effect to any reorganisation in connection with an IPO (including, without limitation, any of the matters contemplated by Articles 42 and 43), unless such reorganisation would:

(a) result in a new or increased obligation to the Company or to any other Shareholder being imposed on the Shareholders of the relevant class; and/or

(b) diminish the rights of the Shareholders of the relevant class, save as expressly provided for in these Articles."

14. ALLOTMENT OF NEW SHARES OR OTHER SECURITIES: PRE-EMPTION

14.1 Sections 561(1) and 562(1) to 562(5) (inclusive) of the Act do not apply to an allotment of Equity Securities made by the Company.

14.2 Unless otherwise determined by Investor Majority Consent and Medicxi Consent, if the Company proposes to allot any New Securities, those New Securities shall not be allotted to any person unless the Company has in the first instance offered them to all Major Shareholders (the "**Subscribers**") on the same terms and at the same price as those New Securities are being offered to other persons on a pari passu and pro rata basis to the number of Equity Shares (as if the Equity Shares constituted one and the same class) held by those holders (as nearly as may be without involving fractions). The offer (the "**Subscription Offer**"):

(a) shall be in writing, be open for acceptance from the date of the offer to the date ten (10) Business Days after the date of the offer (inclusive) (the "**Subscription Period**") and give details of the number and subscription price of the New Securities; and

(b) must require each Subscriber who wishes to subscribe for New Securities to state the number of New Securities for which it wishes to subscribe (which may be a number in excess of the proportion to which that Shareholder is entitled, any New Securities representing that excess being "**Excess Securities**").

14.3 At the end of the Subscription Period, the Company shall (subject to payment of the appropriate subscription price) allot and issue to each Shareholder who applied to subscribe for New Securities a number of New Securities equal to the lower of:

(a) the number of New Securities that Shareholder applied for; and

(b) the number of New Securities offered to that Shareholder in the Subscription Offer.

14.4 If, following the allotments and issues described in Article 14.3, there remain any New Securities that have not been allotted and issued to Shareholders, the Company shall (subject to payment of the appropriate subscription price) allot and issue those remaining New Securities to those Shareholders who applied for Excess Securities on a basis pro rata to the number of Equity Shares held by those Shareholders immediately before the Subscription Offer was made (as nearly as may be without involving fractions or increasing the number allotted to any Shareholder beyond that applied for by that Shareholder) which process shall be repeated if there continue to be unallocated New Securities and unfulfilled applications for Excess Securities.

14.5 If, following all allotments and issues (if any) described in Articles 14.3 and 14.4, there remain any New Securities that have not been allotted and issued to Shareholders, the Company may offer those New Securities to any other person that the Board may determine at the same price and on the same terms as the offer to the Shareholders.

14.6 Subject to the requirements of Articles 14.2 to 14.5 (inclusive) and to the provisions of section 551 of the Act, any New Securities shall be at the disposal of the Board, who may allot, grant options over or otherwise dispose of them to any persons at those times and generally on the terms and conditions they think proper.

14.7 The provisions of Articles 14.2 to 14.5 (inclusive) shall not apply to:

(a) options to subscribe for Shares under any Incentivisation Plan(s), the issue of Shares pursuant to the exercise of options granted under any Incentivisation Plan(s) and the issue of any Shares under any Incentivisation Plan(s);

(b) Shares or options for Shares issued or granted in order for the Company to comply with its obligations under these Articles including, but not limited to the Anti-Dilution Shares;

(c) Equity Securities issued in consideration of the acquisition by the Company of any company or business which has been approved by an Investor Majority Consent and a Medicxi Consent;

(d) Shares or options for Shares issued or granted in accordance with the terms of the Subscription Agreement and/or the Shareholders' Agreement;

(e) Equity Securities which the Investor Majority and the Medicxi Consent have agreed in writing should be issued without complying with the procedure set out in this Article 14; and

(f) Equity Securities issued pursuant to an IPO.

14.8 Any New Securities offered under this Article 14 to a Major Shareholder may be accepted in full or part only by an Affiliate of that Major Shareholder, a Member of the same Fund Group as that Major Shareholder or a Member of the same Group as that Major Shareholder in accordance with the terms of this Article 14.

14.9 No Shares shall be allotted to any Employee, Director, prospective Employee or prospective Director of the Company who, in the opinion of the Board, is subject to taxation in the United Kingdom, unless such person has entered into a joint section 431 ITEPA election with the Company if so required by the Company.

15. TRANSFERS OF SHARES – GENERAL

15.1 In Articles 15 to 22 (inclusive), reference to the transfer of a Share includes the transfer or assignment of a beneficial or other interest in that Share or the creation of a trust or Encumbrance over that Share and reference to a Share includes a beneficial or other interest in a Share.

15.2 No Share may be transferred unless the transfer is made in accordance with these Articles.

15.3 If a Shareholder transfers, or purports to transfer, a Share otherwise than in accordance with these Articles, he or it will, other than with the consent of the Board (disregarding any votes of Directors nominated by the transferring Shareholder or any other Shareholder with whom such Shareholder is Connected), be deemed immediately to have served a Transfer Notice in respect of all Shares held by him or it and the provisions of Article 17 shall apply.

15.4 Any transfer of a Share by way of sale which is required to be made under Articles 17 to 22 (inclusive) will be deemed to include a warranty that the transferor sells with full title guarantee.

15.5 No Shares shall be transferred to a Competitor without the approval of the Board (acting with Investor Majority Consent and Medicxi Consent).

15.6 Notwithstanding any provision in these Articles:

(a) no Shares held by an Employee shall be transferred without Investor Majority Consent and Medicxi Consent; and

(b) no Shares shall be transferred without Investor Majority Consent (which must include the consent of the Lead Investor and at least one Medicxi Shareholder) prior to 1 January 2022,

in each case unless such transfer is to a Permitted Transferee in accordance with Article 16.

15.7 The Board (disregarding any votes of Directors nominated by the Shareholder who is intending to effect the transfer or any other Shareholder with whom such Shareholder is Connected) may refuse to register a transfer if:

(a) it is a transfer of a Share to a bankrupt, a minor or a person of unsound mind;

(b) the transfer is to an Employee, Director or prospective Employee or prospective Director of the Company, who in the reasonable opinion of the Board is subject to taxation in the United Kingdom, and such person has not entered into a joint section 431 ITEPA election with the Company;

(c) it is a transfer of a Share which is not fully paid:

(i) to a person of whom the Board (disregarding any votes of Directors nominated by the Shareholder who is intending to effect the transfer or any other Shareholder with whom such Shareholder is Connected) does not approve; or

(ii) on which Share the Company has a lien;

(d) the transfer is not lodged at the registered office or at such other place as the Board (disregarding any votes of Directors nominated by the Shareholder who is intending to effect the transfer or any other Shareholder with whom such Shareholder is Connected) may appoint;

(e) the transfer is not accompanied by the share certificate for the Shares to which it relates (or a duly executed indemnity for lost share certificate in a form acceptable to the Board) and such other evidence as the Board (disregarding any votes of Directors nominated by the Shareholder who is intending to effect the transfer or any other Shareholder with whom such Shareholder is Connected) may reasonably require to show the right of the transferor to make the transfer;

(f) the transfer is in favour of more than 4 transferees; or

(g) these Articles otherwise provide that such transfer shall not be registered.

15.8 If the Board refuses to register a transfer in accordance with Article 15.7, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

15.9 The Board (disregarding any votes of Directors nominated by the Shareholder who is intending to effect the transfer or any other Shareholder with whom such Shareholder is Connected) may, as a condition to the registration of any transfer of shares in the Company (whether pursuant to a Permitted Transfer or otherwise), require the transferee to execute and deliver to the Company a deed agreeing to be bound by the terms of the Shareholders' Agreement or similar document in force between some or all of the Shareholders and the Company in any form as the Board (disregarding any votes of Directors nominated by the Shareholder who is intending to effect the transfer or any other Shareholder with whom such Shareholder is Connected) may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor under any such agreement or other document) and if any condition is imposed in accordance with this Article 15.9 the transfer may not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee.

15.10 To enable the Directors to determine whether or not there has been any disposal of shares in the capital of the Company (or any interest in shares in the capital of the Company) in breach of these Articles the Board (disregarding any votes of Directors nominated by the Shareholder to whom the request relates or any other Shareholder with whom such Shareholder is Connected) may require any holder or the legal personal representatives of any deceased holder or any person named as transferee in any transfer lodged for registration or any other person who such Board may reasonably believe to have information relevant to that purpose,

to provide to the Company such information and evidence as such Board may request regarding any matter which they, acting reasonably, deem relevant to that purpose, including (but not limited to) the names, addresses and interests of all persons respectively having interests in the shares in the capital of the Company from time to time registered in the holder's name. If the information or evidence is not provided to enable the Board to determine to their reasonable satisfaction that no breach has occurred, or where as a result of the information and evidence the Board (disregarding any votes of Directors nominated by the Shareholder to whom the information request relates or any other Shareholder with whom such Shareholder is Connected) is reasonably satisfied that a breach has occurred, such Board shall immediately notify the holder of such shares in the capital of the Company in writing of that fact and the following shall occur:

(a) the relevant shares shall cease to confer upon the holder of them (including any proxy appointed by the holder) any rights to vote (whether on a show of hands or on a poll and whether exercisable at a general meeting or on a written resolution of the Company or at any separate meeting or written resolution of the class in question) provided that, at the election of the relevant Shareholder, such rights shall not cease if as a result of such cessation the Company shall become a Subsidiary of a Shareholder; or

(b) payment of all dividends or other distributions otherwise attaching to the relevant shares or to any further shares issued in respect of those shares shall be withheld; and

(c) the holder may be required at any time following receipt of the notice to transfer some or all of its Shares to any person(s) at the price that such Board may require by notice in writing to that holder.

15.11 The rights referred to in Articles 15.10(a) and 15.10(b) above may be reinstated by the Board and shall in any event be reinstated upon the completion of any transfer referred to in 15.10(c) above.

15.12 In any case where the Board is entitled to and requires a Transfer Notice to be given in respect of any Shares, if a Transfer Notice is not duly given within a period of ten (10) Business Days of demand being made, a Transfer Notice shall be deemed to have been given at the expiration of that period.

15.13 If a Transfer Notice is required to be given or is deemed to have been given under these Articles, the procedure set out in Article 17 shall apply.

15.14 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Board, which is executed by or on behalf of:

(a) the transferor; and

(b) (if any of the shares is partly or nil paid) the transferee.

15.15 For the avoidance of doubt, a transfer made to a Permitted Transferee in accordance Article 16 shall not be subject to:

(a) any consent requirement other than the requirement that the Board register the transfer;

(b) the pre-emption rights contained in Article 17; or

(c) the right of first offer procedure contained in Article 20.

16. PERMITTED TRANSFERS

16.1 Any Shareholder (who is not a Permitted Transferee) (the "**Original Shareholder**") may transfer all or any of his or its Shares to a Permitted Transferee without restriction as to price or otherwise.

16.2 Shares previously transferred as permitted by Article 16.1 may be transferred by the transferee to any other Permitted Transferee of the Original Shareholder without restriction as to price or otherwise.

16.3 Where under the provision of a deceased Shareholder's will or laws as to intestacy, the persons legally or beneficially entitled to any Shares, whether immediately or contingently, are Permitted Transferees of the deceased Shareholder, the legal representative of the deceased Shareholder may transfer any Share to those Permitted Transferees, in each case without restriction as to price or otherwise.

16.4 If a transferee who was a Permitted Transferee of the Original Shareholder ceases to be a Permitted Transferee of the Original Shareholder, the transferee must as soon as reasonably practicable after the date on which it so ceases and in any case not later than five (5) Business Days after the date on which it so ceases, transfer the Shares held by it to the Original Shareholder or a Permitted Transferee of the Original Shareholder, without restriction as to price or otherwise failing which it will be deemed to have given a Transfer Notice in respect of those Shares on the first Business Day after the expiry of that five (5) Business Day period.

16.5 *Intentionally left blank.*

16.6 Trustees may:

(a) transfer Shares to a Qualifying Company;

(b) transfer Shares to the Original Shareholder or to another Permitted Transferee of the Original Shareholder; or

(c) transfer Shares to the new or remaining trustees upon a change of Trustees without restrictions as to price or otherwise.

16.7 No transfer of Shares may be made to Trustees unless the Board is satisfied:

(a) with the terms of the trust instrument and in particular with the powers of the trustees;

(b) with the identity of the proposed trustees;

(c) that the proposed transfer will not result in fifty per cent (50%) or more of the aggregate of the Company's equity share capital being held by trustees of that and any other trusts; and

(d) that no costs incurred in connection with the setting up or administration of the Family Trust in question are to be paid by the Company.

16.8 *Intentionally left blank.*

16.9 On the death (subject to Article 16.3), bankruptcy, liquidation, administration or administrative receivership of a Permitted Transferee (other than a joint holder) his personal representatives or trustee in bankruptcy, or its liquidator, administrator or administrative receiver must within five (5) Business Days after the date of the grant of probate, the making of the bankruptcy order or the appointment of the liquidator, administrator or the administrative receiver (as applicable) execute and deliver to the Company a transfer of the Shares held by the Permitted Transferee without restriction as to price or otherwise. The transfer shall be to the Original Shareholder if still living (and not bankrupt or in liquidation) or, if so directed by the Original Shareholder, to any Permitted Transferee of the Original Shareholder who or that is not bankrupt or in liquidation. If the transfer is not executed and delivered within five (5) Business Days of such period or if the Original Shareholder has died or is bankrupt or is in liquidation, administration or administrative receivership, the personal representative or trustee in bankruptcy or liquidator, administrator or administrative receiver (as applicable) will be deemed to have given a Transfer Notice on the first Business Day after the expiry of that five (5) Business Day period.

16.10 A transfer of any Shares approved by the Board and the Investor Majority may be made without restriction as to price or otherwise and with any such conditions as may be imposed and each such transfer shall be registered by the Board.

16.11 Any Shares may at any time be transferred where there is a sale of the entire issued share capital of the Company to a Holding Company and that sale has been approved by the Board.

17. TRANSFER NOTICES

17.1 A Shareholder who is required to give or is deemed to have been given a Transfer Notice under these Articles (the "**Seller**") shall offer all Shares it holds (the "**Sale Shares**") to the Major Shareholders following the procedure set forth in this Article 17.

17.2 The Transfer Notice delivered or deemed to have been delivered to the Company shall specify, or be deemed to specify that the price per Sale Share (the "**Transfer Price**") will be as agreed between the Board (the votes of any Director who has been nominated by a Shareholder who is a Seller or any other Shareholder with whom the Seller is Connected being disregarded) and the Seller and if the price is not specified in cash, an equivalent cash value price must be agreed between the Seller and the Board (the votes of any Director who has been nominated by a Shareholder who is a Seller or any other Shareholder with whom the Seller is Connected being disregarded), or, in each case failing agreement within five (5) Business Days after the date on which the Board becomes aware that a Transfer Notice has been deemed to have been given, will be the Fair Value of the Shares.

17.3 Except with the consent of the Board or as otherwise specified in these Articles, no Transfer Notice once given or deemed to have been given under these Articles may be withdrawn.

17.4 A Transfer Notice constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.

17.5 As soon as practicable following the later of:

(a) receipt of a Transfer Notice; and

(b) in the case where the Transfer Price has not been agreed, the determination of the Transfer Price under Article 18,

the Board shall offer the Sale Shares for sale to the Major Shareholders (other than the Seller) in the manner set out in Article 17.6. Each offer must be in writing and give details of the number and Transfer Price of the Sale Shares offered.

17.6 Transfers: Offer

(a) The Board shall offer the Sale Shares to the Major Shareholders (other than the Seller) (the "**Continuing Shareholders**") inviting them to apply in writing within the period from the date of the offer to the date fifteen (15) Business Days after the date of the offer (inclusive) (the "**Offer Period**") for the maximum number of the Sale Shares they wish to buy.

(b) If, at the end of the Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Board shall provisionally allocate the Sale Shares to each Continuing Shareholder who has applied for Sale Shares in the proportion (fractional entitlements being rounded to the nearest whole number) which his existing holding of Equity Shares bears to the total number of Equity Shares held by those Continuing Shareholders who have applied during the Offer Period for Sale Shares which procedure shall be repeated until all Sale Shares have been allocated but no allocation shall be made to a Continuing Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy.

(c) If, at the end of the Offer Period, the number of Sale Shares applied for is less than the number of Sale Shares, the Board shall provisionally allocate the Sale Shares to the Continuing Shareholders in accordance with their applications and the balance will be dealt with in accordance with Article 17.7(d).

17.7 Completion of transfer of Sale Shares

(a) The Board shall, when no further offers are required to be made under Article 17.6, give written notice of allocation (an "**Allocation Notice"**) to the Seller and each Continuing Shareholder to whom Sale Shares have been provisionally allocated (an "**Applicant**") specifying the number of Sale Shares provisionally allocated to each Applicant and the place and time (being not less than ten (10) Business Days nor more than fifteen (15) Business Days after the date of the Allocation Notice) for completion of the transfer of the Sale Shares.

(b) Upon service of an Allocation Notice, the Seller must, against payment of the Transfer Price, transfer the Sale Shares in accordance with the requirements specified in it.

(c) If the Seller fails to comply with the provisions of Article 17.7(b):

(i) the chairman of the Company or, failing him, one of the Directors, or some other person nominated by a resolution of the Board, may as agent for and on behalf of the Seller:

(A) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;

(B) receive the Transfer Price and give a good discharge for it; and

(C) (subject to the transfer being duly stamped) enter the Applicants in the register of Shareholders as the holders of the Sale Shares purchased by them; and

(ii) the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) or otherwise hold the Transfer Price on trust for the Seller until he has delivered to the Company his share certificate(s) for the relevant Sale Shares (or an indemnity for any lost share certificate(s) in a form acceptable to the Board).

(d) If an Allocation Notice does not relate to all the Sale Shares, the Seller may hold on to the unallocated Sale Shares or, subject to Article 17.7(e), may transfer the unallocated Sale Shares to a third party for a price per unallocated Sale Share at least equal to the Transfer Price within a period of 6 Months (subject to any extension required for regulatory or competition clearance) from the Allocation Notice.

(e) The right of the Seller to transfer Shares under Article 17.7(d) does not apply if the Board (disregarding any votes of Directors nominated by the Shareholder who has issued or is deemed to have issued the Transfer Notice or any other Shareholder with whom such Shareholder is Connected) is of the opinion on reasonable grounds that:

(i) the transferee is a Competitor;

(ii) the sale of the unallocated Sale Shares is not being made bona fide or the price is subject to a deduction, rebate or allowance to the transferee; or

(iii) the Seller has failed or refused to provide promptly information available to it or him and reasonably requested by the Board for the purpose of enabling it to form the opinion mentioned above.

17.8 Any Sale Shares offered under this Article 17 to a Major Shareholder may be accepted in full or part only by an Affiliate of that Major Shareholder, a Member of the same Fund Group as that Major Shareholder or a Member of the same Group as that Major Shareholder in accordance with the terms of this Article 17.

18. VALUATION OF SHARES

18.1 If no Transfer Price can be agreed between the Seller and the Board in accordance with the provisions of Article 17 or otherwise then, on the date of failing agreement, the Board shall appoint an expert valuer in accordance with Article 18.2 (the "**Expert Valuer**") to certify the Fair Value of the Sale Shares.

18.2 The Expert Valuer will be either:

(a) the Auditors; or

(b) (if otherwise agreed by the Board an independent firm of chartered accountants to be agreed between the Board (disregarding any votes of Directors nominated by the Seller or any other Shareholder with whom such Seller is Connected) and the Seller) and the Seller or failing agreement not later than the date ten (10) Business Days after the date of service of the Transfer Notice to be nominated by the then President of the Institute of Chartered Accountants in England and Wales on the application of either party and approved by the Company.

18.3 The "**Fair Value**" of the Sale Shares shall be determined by the Expert Valuer on the following assumptions and bases:

(a) valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer;

(b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;

(c) that the Sale Shares are capable of being transferred without restriction;

(d) valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent but taking account of the rights attaching to the Sale Shares; and

(e) reflect any other factors which the Expert Valuer reasonably believes should be taken into account.

18.4 If any difficulty arises in applying any of these assumptions or bases then the Expert Valuer shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit.

18.5 The Expert Valuer shall be requested to determine the Fair Value within twenty (20) Business Days of its appointment and to notify the Board of its determination.

18.6 The Expert Valuer shall act as expert and not as arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).

18.7 The Board will give the Expert Valuer access to all accounting records or other relevant documents of the Company subject to the Expert Valuer agreeing to such confidentiality provisions as the Board may reasonably request.

18.8 The Expert Valuer shall deliver its certificate to the Company. As soon as the Company receives the certificate it shall deliver a copy of it to the Seller.

18.9 The cost of obtaining the certificate shall be paid by the Company unless the Fair Value of the Sale Shares certified by the Expert Valuer is at least five per cent (5%) less than the price (if any) offered by the Board to the Seller for the Sale Shares before the Expert Valuer was instructed, in which case the Seller shall bear the cost.

19. COMPULSORY TRANSFERS – GENERAL

19.1 A person entitled to a Share in consequence of the bankruptcy of a Shareholder shall be deemed to have given a Transfer Notice in respect of that Share at a time determined by the Board (disregarding any votes of Directors nominated by the bankrupt Shareholder or any other Shareholder with whom such Shareholder is Connected).

19.2 If a Share remains registered in the name of a deceased Shareholder for longer than one (1) year after the date of his death the Board may require the legal personal representatives of that deceased Shareholder either:

(a) to effect a Permitted Transfer of such Shares (including for this purpose an election to be registered in respect of the Permitted Transfer); or

(b) to show to the satisfaction of the Board that a Permitted Transfer will be effected before or promptly upon the completion of the administration of the estate of the deceased Shareholder.

If either requirement in this Article 19.2 shall not be fulfilled to the satisfaction of the Board a Transfer Notice shall be deemed to have been given in respect of each such Share save to the extent that, the Board may otherwise determine.

19.3 If a Shareholder which is a company, either suffers or resolves for the appointment of a liquidator, administrator or administrative receiver over it or any material part of its assets (other than as part of a bona fide restructuring or reorganisation), the relevant Shareholder (and all its Permitted Transferees) shall be deemed to have given a Transfer Notice in respect of all the Shares held by the relevant Shareholder and its Permitted Transferees save to the extent that, and at a time, the Board (disregarding any votes of Directors nominated by the Shareholder who suffers or resolves for the appointment of a liquidator or any other Shareholder with whom such Shareholder is Connected) may determine.

19.4 If there is a change in control (as control is defined in section 1124 of the CTA 2010) of any Shareholder which is a company or partnership, it shall be bound at any time, if and when required in writing by the Board to do so, to give (or procure the giving in the case of a nominee) a Transfer Notice in respect of all the Shares registered in its and their names and their respective nominees' names save that, in the case of the Permitted Transferee, it shall first be permitted to transfer those Shares back to the Original Shareholder from whom it received its Shares or to any other Permitted Transferee before being required to serve a Transfer Notice. This Article 19.4 shall not apply to a Shareholder that is an Investor.

20. RIGHT OF FIRST OFFER

20.1 Save where the provisions of Articles 3.5, 16, 17, 22 and/or 23 apply, or in the case of a transfer pursuant to an IPO, any transfer of Shares by a Shareholder shall be subject to a right of first offer by the Major Shareholders as contained in this Article 20.

20.2 Subject to Article 20.1, a Shareholder who wishes to transfer Equity Shares (a "**ROFO Seller**") shall before transferring or agreeing to transfer any Equity Shares give notice in writing (a "**ROFO Notice**") to the Company and the Major Shareholders specifying:

(a) the number of Equity Shares which he wishes to transfer (the "**ROFO Shares**"); and

(b) the terms of the irrevocable offer that may be made by each Major Shareholder to purchase the ROFO Shares on such terms.

20.3 Within twenty (20) Business Days after the date of delivery of the ROFO Notice (the "**ROFO Period**"), each Major Shareholder (alone or together with any other Major Shareholders) may make one or more binding irrevocable offers (subject to any mandatory regulatory approval and competition clearance being obtained) to purchase all but not less than all of the ROFO Shares on the terms set forth in the ROFO Notice by serving a written notice which includes the cash amount of consideration per ROFO Share or the formula by which such cash consideration is to be determined (the **"First Offer Notice"**) to the ROFO Seller(s) (each Major Shareholder(s) delivering such First Offer Notice, a **"ROFO Purchaser(s)"**).

20.4 Within ten (10) Business Days after the end of the ROFO Period, the Seller may inform the ROFO Purchaser(s) who proposed the highest offer, by written notice of its acceptance of the First Offer Notice, if any. If no First Offer Notice is accepted by the ROFO Seller, the ROFO Seller shall thereafter be free to transfer the Sale Shares to any person at a purchase price above the highest price set forth in a First Offer Notice received by the Seller until the date which is six (6) Months (subject to any extension required for regulatory or competition clearance) after the date of the ROFO Notice. In case the highest offer being offered by more than one ROFO Purchaser(s) on the same terms, the Seller may sell in such way and proportions as agreed between the Seller and such ROFO Purchasers (or may sell all ROFO Shares to one (1) ROFO Purchaser).

20.5 If a Shareholder has not served a First Offer Notice that complies with the above requirements, including the applicable time periods, it shall be deemed to have waived all its rights to purchase such ROFO Shares under such ROFO Notice. If the Major Shareholders do not deliver a First Offer Notice or waive their right to purchase the ROFO Shares, then the ROFO Seller shall thereafter be free to transfer the ROFO Shares to any prospective buyer at any price until the date which is six (6) Months after the date of the ROFO Notice (subject to any extension required for regulatory or competition clearance where a firm agreement to transfer the ROFO Shares has been entered into by the ROFO Seller and the prospective buyer within such six (6) Months).

20.6 If the ROFO Seller fails to comply with the provisions of this Article 20, the Board (disregarding any votes of Directors nominated by the ROFO Seller or with any other Shareholder with whom such ROFO Seller is Connected) may refuse to register the transfer to a third party and the ROFO Seller shall be deemed to have given a Transfer Notice.

20.7 The right of the ROFO Seller to transfer the ROFO Shares to a third party under Articles 20.4 and 20.5 does not apply if the Board (disregarding any votes of Directors nominated by the ROFO Seller or any other Shareholder with whom such ROFO Seller is Connected) is of the opinion on reasonable grounds that the transferee is a Competitor (or an Associate of a Competitor).

20.8 Any ROFO Shares offered under this Article 20 to a Major Shareholder may be accepted in full or part only by an Affiliate or Permitted Transferee of that Major Shareholder in accordance with the terms of this Article 20.

21. MANDATORY OFFER ON A CHANGE OF CONTROL

21.1 Except in the case of Permitted Transfers and transfers pursuant to Article 19, after going through the right of first offer procedure in Article 20, the provisions of Article 21.2 will apply if one or more Proposed Sellers propose to transfer in one or a series of related transactions any Equity Shares (the "**Proposed Transfer**") which would, if put into effect, result in any Proposed Purchaser (and Associates of his or persons Acting in Concert with him) acquiring a Controlling Interest in the Company.

21.2 A Proposed Seller must, before making a Proposed Transfer procure the making by the Proposed Purchaser of an offer (the **"Offer"**) to the other Shareholders to acquire all of the Equity Shares for a consideration per class of Share that is at least equal to the highest price per class of Share offered or paid by the Proposed Purchaser, or any person Acting in Concert with the Proposed Purchaser, in the Proposed Transfer or in any related previous transaction in the twelve (12) Months preceding the date of the Proposed Transfer (or otherwise implied by

that price per class of Shares) provided that and having regard, for the purposes of this Article 21, it being acknowledged that Shares of different classes may be transferable at different prices, such price per class of Share being a sum equal to that to which they would be entitled if the consideration payable by the Proposed Purchaser to the Proposed Seller were used to determine the valuation of the entire issued share capital of the Company and such valuation was then allocated as between the Shares in accordance with Articles 5 and 5.2

.21.3 The Offer must be given by written notice (a **"Proposed Sale Notice"**) at least ten (10) Business Days (the **"CoC Offer Period"**) prior to the proposed sale date (**"Proposed Sale Date"**). The Proposed Sale Notice must set out, to the extent not described in any accompanying documents, the identity of the Proposed Purchaser, the purchase price and other terms and conditions of payment, the Proposed Sale Date and the number of Shares proposed to be purchased by the Proposed Purchaser.

21.4 If any other holder of Equity Shares is not given the rights accorded to him by this Article, the Proposed Seller(s) will not be entitled to complete its/their sale and the Company will not register any transfer intended to carry that sale into effect.

21.5 If the Offer is accepted by any Shareholder (an **"Accepting Shareholder"**) within the CoC Offer Period, the completion of the Proposed Transfer will be conditional upon the completion of the purchase of all the Shares held by Accepting Shareholders.

21.6 The Proposed Transfer is subject to the right of first offer provisions of Article 20 but the purchase of the Accepting Shareholders' shares shall not be subject to Article 20.

22. CO-SALE RIGHT

22.1 No transfer (other than a Permitted Transfer or a transfer pursuant to an IPO) of any Employee's Shares may be made or validly registered unless the relevant selling Shareholder and any Permitted Transferee of that selling Shareholder (each a **"Selling Shareholder"**) shall have observed the following procedures of this Article or an Investor Majority Consent and a Medicxi Consent has determined that this Article 22 shall not apply to such transfer.

22.2 After the Selling Shareholder has gone through the right of first offer process set out in Article 20, the Selling Shareholder shall give to each Major Shareholder (excluding any Major Shareholder who is an Employee) (an **"Equity Holder"**) not less than fifteen (15) Business Days' notice in advance of the proposed sale (a **"Co-Sale Notice"**). The Co-Sale Notice shall specify:

(a) the identity of the proposed purchaser (the **"Buyer"**);

(b) the price per share which the Buyer is proposing to pay;

(c) the manner in which the consideration is to be paid;

(d) the number of Equity Shares which the Selling Shareholder proposes to sell; and

(e) the address where the counter-notice should be sent.

For the purposes of this Article 22, it is acknowledged that Shares of different classes will be transferable at different prices, such price per class of Share being a sum equal to that to which they would be entitled if the consideration payable by the Buyer to the Selling Shareholder were used to determine the valuation of the entire issued share capital of the Company and such valuation was then allocated as between the Shares in accordance with Articles 5 and 6.

22.3 Each Equity Holder shall be entitled, within five (5) Business Days after receipt of the Co-Sale Notice, to notify the Selling Shareholder that they wish to sell a certain number of Equity Shares held by them at the proposed sale price, by sending a counter-notice which shall specify the number of Equity Shares which such Equity Holder wishes to sell. The maximum number of shares which an Equity Holder can sell under this procedure shall be:

$$\left(\frac{X}{Y}\right) \times Z$$

where:

X = the number of Equity Shares held by the Equity Holder;

Y = the total number of Equity Shares held by the Equity Holders;

Z = the number of Equity Shares the Selling Shareholder proposes to sell.

Any Equity Holder who does not send a counter-notice within such five (5) Business Day period shall be deemed to have specified that they wish to sell no Shares.

22.4 Following the expiry of five (5) Business Days from the date the Equity Holders receive the Co-Sale Notice, the Selling Shareholder shall be entitled to sell to the Buyer on the terms notified to the Equity Holders a number of Shares not exceeding the number specified in the Co-Sale Notice less any Shares which Equity Holders have indicated they wish to sell, provided that at the same time the Buyer (or another person) purchases from the Equity Holders the number of shares they have respectively indicated they wish to sell on terms no less favourable than those obtained by the Selling Shareholder from the Buyer.

22.5 No sale by the Selling Shareholder shall be made pursuant to any Co-Sale Notice more than three (3) Months after service of that Co-Sale Notice (as such period may be extended for purposes of obtaining antitrust and/or regulatory clearances in connection with such sale where a firm agreement to transfer the relevant Shares has been entered into by the Selling Shareholder and the prospective buyer within such three (3) Months).

22.6 Sales made in accordance with this Article 22 shall not be subject to Article 20.

23. DRAG-ALONG

23.1 If an Investor Majority together with the Medicxi Shareholders (the "**Selling Shareholder(s)**") wish to transfer all their interest in Shares (the "**Sellers' Shares**") to a Proposed Purchaser, the Selling Shareholder(s) shall have the option (the "**Drag Along Option**") to compel each other holder of Shares (each a "**Called Shareholder**" and together the "**Called Shareholders**") to sell and transfer all their Shares to the Proposed Purchaser or as the Proposed Purchaser shall direct (the "**Drag Purchaser**") in accordance with the provisions of this Article.

23.2 The Selling Shareholder(s) may exercise the Drag Along Option by giving a written notice to that effect (a "**Drag Along Notice**") to the Company, which the Company shall forthwith copy to the Called Shareholders at any time before the transfer of the Sellers' Shares to the Drag Purchaser. A Drag Along Notice shall specify that:

(a) the Called Shareholders are required to transfer all their Shares (the "**Called Shares**") under this Article;

(b) the person to whom they are to be transferred;

(c) the consideration (whether in cash or otherwise) for which the Called Shares are to be transferred (calculated in accordance with this Article);

(d) the proposed date of transfer, and

(e) the form of any sale agreement or form of acceptance or any other document of similar effect that the Called Shareholders are required to sign in connection with such sale (the **"Sale Agreement"**),

(and, in the case of paragraphs 23.2(b), 23.2(c) and 23.2(d) above, whether actually specified or to be determined in accordance with a mechanism described in the Drag Along Notice). No Drag Along Notice or Sale Agreement may require a Called Shareholder to agree to any terms except those specifically provided for in this Article.

23.3 Drag Along Notices shall be irrevocable but will lapse if for any reason there is not a sale of the Sellers' Shares by the Selling Shareholder(s) to the Drag Purchaser within sixty (60) Business Days after the date of service of the Drag Along Notice (as such period may be extended for purposes of obtaining antirust and/or regulatory clearances in connection with such sale where a firm agreement to transfer the Sellers' Shares has been entered into by the Selling Shareholders and the Drag Purchaser within such sixty (60) Business Day period). The Selling Shareholder(s) shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice.

23.4 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be that to which they would be entitled if the total consideration proposed to be paid, allotted or transferred by the Drag Purchaser (which shall include any consideration (in cash or otherwise) paid or payable by the Drag Purchaser or any other person Acting in Concert with the Drag Purchaser, which having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for the Shares) were distributed to the holders of the Called Shares and the Sellers' Shares in accordance with the provisions of Articles 5 and 6 (the "**Drag Consideration**") (provided that any discharge by the Drag Purchaser of any costs of sale shall not for these purposes be treated as part of the consideration per Share offered by the Drag Purchaser if such discharge has been agreed to by the Selling Shareholder(s)). Where the consideration (or any part thereof) is non-cash consideration, any valuation of such consideration applicable to the consideration payable to the Selling Shareholder(s) shall also be applicable to the consideration payable to the Called Shareholders. The Drag Consideration may be subject to an adjustment (on the basis of completion accounts or another similar mechanism) on the same terms as the consideration payable to the Drag Shareholders.

23.5 In respect of a transaction that is the subject of a Drag Along Notice and with respect to any Drag Document, a Called Shareholder shall only be obliged to undertake to transfer his Shares with full title guarantee (and provide an indemnity for lost certificate in a form acceptable to the Board if so necessary) in receipt of the Drag Consideration when due and shall not be obliged to give warranties or indemnities except a warranty as to capacity to enter into a Drag Document and the full title guarantee of the Shares held by such Called Shareholder. A Called Shareholder shall not be obliged to contribute to any escrow or holdback amounts unless and to the extent that the Selling Shareholder(s) give the same contribution in respect of such escrow or holdback amounts shared between all Shareholders pro rata to their entitlement to the proceeds of Sale pursuant to Article 23.4 and the overall liability of each Shareholder in respect of such warranties and indemnities is capped at the value of the consideration received by such Shareholder and shall be several, and not joint or joint and several with any other Shareholder. A Called Shareholder is not required to agree (unless such Called Shareholder is an Employee Shareholder) to any restrictive covenant (including without limitation any covenant not to compete or covenant not to solicit customers, employees or suppliers of any party to the Proposed Sale). Any sale and purchase agreement which any Director is authorised to sign pursuant to Article 23.9 may contain warranties and/or indemnities from each Called Shareholder on the basis set out in this Article.

23.6 Within three (3) Business Days of the Company copying the Drag Along Notice to the Called Shareholders (or such later date as may be specified in the Drag Along Notice) (the "**Drag Completion Date**"), each Called Shareholder shall deliver:

(a) duly executed stock transfer form(s) for its Shares in favour of the Drag Purchaser;

(b) the relevant share certificate(s) (or a duly executed indemnity for lost share certificate in a form acceptable to the Board) to the Company; and

(c) the duly executed Sale Agreement, if applicable, in the form specified in the Drag Along Notice or as otherwise specified by the Company,

together the **"Drag Documents"**, and each a **"Drag Document"**.

23.7 On the Drag Completion Date, the Company shall pay or transfer to each Called Shareholder, on behalf of the Drag Purchaser, the Drag Consideration that is due to the extent the Drag Purchaser has paid, allotted or transferred such consideration to the Company. The Company's receipt of the Drag Consideration shall be a good discharge to the Drag Purchaser. Following the Company's receipt of the Drag Consideration, but pending its payment or transfer to the Called Shareholder, the Company shall hold the Drag Consideration in trust for each of the Called Shareholders without any obligation to pay interest until its payment or transfer to the Called Shareholder.

23.8 To the extent that the Drag Purchaser has not, on the Drag Completion Date, paid, allotted or transferred the Drag Consideration that is due to the Company, the Called Shareholders shall be entitled to the immediate return of the Drag Documents for the relevant Shares and the Called Shareholders shall have no further rights or obligations under this Article 22 in respect of their Shares.

23.9 If a Called Shareholder fails to deliver the Drag Documents for its Shares to the Company by the Drag Completion Date, the Company and each Director shall be constituted the agent of such defaulting Called Shareholder to take such actions and enter into any Drag Document or such other agreements or documents as are necessary to effect the transfer of the Called Shareholder's Shares pursuant to this Article 23 and the Board shall, if requested by the Drag Purchaser, authorise any Director to transfer the Called Shareholder's Shares on the Called Shareholder's behalf to the Drag Purchaser to the extent the Drag Purchaser has, by the Drag Completion Date, paid, allotted or transferred the Drag Consideration to the Company for the Called Shareholder's Shares offered to him. The Board shall then authorise registration of the transfer once appropriate stamp duty (if required) has been paid. The defaulting Called Shareholder shall surrender his share certificate for his Shares (or suitable executed indemnity) to the Company. On surrender, he shall be entitled to the Drag Consideration due to him.

23.10 Any transfer of Shares to a Drag Purchaser pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the provisions of Article 20.

23.11 On any person, following the issue of a Drag Along Notice, becoming a Shareholder pursuant to the exercise of a pre-existing option or warrant to acquire shares in the Company or pursuant to the conversion of any convertible security of the Company (a "**New Shareholder**"), a Drag Along Notice shall be deemed to have been served on the New Shareholder in respect of the Shares so acquired immediately upon that acquisition on the same terms as the previous Drag Along Notice, and the New Shareholder shall then be bound to sell and transfer all Shares so acquired to the Drag Purchaser and the provisions of this Article 23 shall apply with the necessary changes to the New Shareholder except that completion of the sale of the Shares shall take place immediately on the Drag Along Notice being deemed served on the New Shareholder.

Asset Sale

23.12 In the event that an Asset Sale is approved by the holders of an Investor Majority and a Medicxi Consent, such consenting Shareholders shall have the right, by notice in writing to all other Shareholders, to require such Shareholders to take any and all such actions as it may be necessary for Shareholders to take in order to give effect to or otherwise implement such Asset Sale, subject always to the proceeds from such Asset Sale being distributed to Shareholders in accordance with the provisions of Articles 5 and 6.

24. GENERAL MEETINGS

24.1 If the Board is required by the Shareholders under section 303 of the Act to call a general meeting, the Board shall convene the meeting for a date not later than twenty eight (28) daysafter the date on which the Board became subject to the requirement under section 303 of the Act.

24.2 At all duly called general meetings, Shareholders holding, or Qualifying Persons representing the holders of, more than fifty per cent (50%) in nominal value of the Equity Shares shall constitute a quorum for the approval of the resolution. In case general meetings called resolve upon any matter requiring Investor Majority Consent and/or Medicxi Consent pursuant to these Articles and/or the Shareholders' Agreement, the quorum shall also include the Investor Majority and/or Medicxi Shareholders, as applicable. The provisions of section 318 of the Act shall not apply to the Company. Subject to matters requiring Investor Majority Consent and/or Medicxi Consent pursuant to these Articles (and in particular including but not limited to the matters set forth in Part 1 and Part 2 of Annex A, as applicable, to these Articles) and/or the Shareholders' Agreement, questions arising at any general meeting shall be decided by a majority of votes.

24.3 If any two or more Shareholders (or Qualifying Persons representing two or more Shareholders) attend the meeting in different locations, the meeting shall be treated as being held at the location specified in the notice of the meeting, save that if no one is present at that location so specified, the meeting shall be deemed to take place where the largest number of Qualifying Persons is assembled or, if no such group can be identified, at the location of the chairman.

24.4 In addition to the persons listed in article 44(1) of the Model Articles, any one person having the right to vote may demand a poll. If a demand for a poll is withdrawn under article 44(3) of the Model Articles, the demand shall not be taken to have invalidated the result of a show of hands declared before the demand was made and the meeting shall continue as if the demand had not been made.

24.5 Polls must be taken in such manner as the chairman directs. A poll demanded on the election of a chairman or on a question of adjournment must be held immediately. A poll demanded on any other question must be held either immediately or at such time and place as the chairman directs not being more than fourteen (14) days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded.

24.6 No notice need be given of a poll not held immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven (7) clear days' notice shall be given specifying the time and place at which the poll is to be taken.

24.7 If the poll is to be held more than forty eight (48) hours after it was demanded the Shareholders shall be entitled to deliver proxy notices in respect of the poll at any time up to 24 hours before the time appointed for taking that poll. In calculating that period, no account shall be taken of any part of a day that is not a Business Day.

25. PROXIES

25.1 Paragraph (c) of article 45(1) of the Model Articles shall be deleted and replaced by the words: "is signed by or on behalf of the shareholder appointing the proxy and accompanied by the authority under which it is signed (or a certified copy of such authority or a copy of such authority in some other way approved by the directors)".

25.2 The instrument appointing a proxy and any authority under which it is signed or a certified copy of such authority or a copy in some other way approved by the Directors may:

(a) be sent or supplied in hard copy form, or (subject to any conditions and limitations which the Board may specify) in electronic form, to the registered office of the Company or to such other address (including electronic address) as may be specified for this purpose in the notice convening the meeting or in any instrument of proxy or any invitation to appoint a proxy sent or supplied by the Company in relation to the meeting at any time before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote;

(b) be delivered at the meeting or adjourned meeting at which the person named in the instrument proposes to vote to the chairman or to the company secretary or to any Director; or

(c) in the case of a poll, be delivered at the meeting at which the poll was demanded to the chairman or to the company secretary or to any Director, or at the time and place at which the poll is held to the Chairman or to the company secretary or to any Director or scrutineer,

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

26. DIRECTORS' BORROWING POWERS

The Board may (where required) exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital and to issue debentures, debenture stock and other securities as security for any debt, liability of obligation of the Company or of any third party.

27. ALTERNATE DIRECTORS

27.1 Notwithstanding any provision of these Articles to the contrary, any person appointed as a Director (other than any person who is an executive director of the Company) (the "Appointor") may (with approval of the Board (disregarding the vote of the Appointor)) appoint any Director or any other person as he thinks fit to be his alternate Director to:

(a) exercise that Director's powers; and

(b) carry out that Director's responsibilities in relation to the taking of decisions by the Board in the absence of the alternate's Appointor.

The appointment of an alternate Director shall not require approval by a resolution of the Board.

27.2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the Appointor, or in any other manner approved by the Board (disregarding the vote of the Appointor).

27.3 The notice must:

(a) identify the proposed alternate; and

(b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the Director giving the notice.

27.4 An alternate Director may act as an alternate to more than one Director and has the same rights, in relation to any Directors' meeting (including as to notice) or Directors' written resolution, as the alternate's Appointor.

27.5 Except as these Articles specify otherwise, alternate directors:

(a) are deemed for all purposes to be Directors;

(b) are liable for their own acts and omissions;

(c) are subject to the same restrictions as their Appointors; and

(d) are not deemed to be agents of or for their Appointors,

and, in particular (without limitation), each alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his Appointor is a member.

27.6 A person who is an alternate Director but not a Director:

(a) may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's Appointor is not participating); and

(b) may sign a Directors' written resolution (but only if his Appointor is an Eligible Director in relation to that decision, but does not participate).

No alternate may be counted as more than one (1) Director for such purposes.

27.7 A Director who is also an alternate Director is entitled, in the absence of his Appointor, to a separate vote on behalf of each Appointor, in addition to his own vote on any decision of the Board (provided that his Appointor is an Eligible Director in relation to that decision).

27.8 An alternate Director is not entitled to receive any remuneration from the Company for serving as an alternate Director, except such part of the alternate's Appointor's remuneration as the Appointor may direct by notice in writing made to the Company.

27.9 An alternate Director's appointment as an alternate shall terminate:

(a) when the alternate's Appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;

(b) on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's Appointor, would result in the termination of the Appointor's appointment as a Director;

(c) on the death of the alternate's Appointor; or

(d) when the alternate's Appointor's appointment as a Director terminates.

28. NUMBER OF DIRECTORS

Unless and until the Board shall otherwise determine by Investor Majority Consent and Medicxi Consent, the number of Directors shall not be more than nine (9).

29. APPOINTMENT OF DIRECTORS

29.1 In addition to the powers of appointment under article 17(1) of the Model Articles:

(a) the Investors (excluding the Medicxi Shareholders) shall be entitled to nominate and maintain in office two (2) natural persons to act as Directors (and as a member of each and any committee of the Board) and to remove any Director(s) so appointed and, upon his/their removal, whether by the Investors or otherwise, to appoint another Director(s) in his/their place. The Investors (excluding the Medicxi Shareholders) shall be entitled to remove their nominated Director(s) so appointed at any time and appoint another person(s) to act in his/their place. The Investors (excluding the Medicxi Shareholders) agreed that:

(i) the Lead Investor shall be entitled to nominate and maintain in office one (1) Investor Director; and

(ii) the Investor Majority (excluding Medicxi and disregarding the A Preferred Shares held by them) shall be entitled to nominate and maintain in office one (1) Investor Director;

(b) the Medicxi Shareholders shall be entitled to nominate and maintain in office two (2) natural persons to act as Directors (and as a member of each and any committee of the Board) and to remove any Director(s) so appointed and, upon his/their removal, whether by the Medicxi Shareholders or otherwise, to appoint another Director(s) in his/their place. The Medicxi Shareholders shall be entitled to remove its nominated Directors so appointed at any time thereof and appoint another person(s) to act in his/their place;

(c) the Board shall be entitled to nominate the person acting as CEO as a Director. In the event that such person ceases to be the CEO, the Board shall remove such person as a Director and appoint such person then acting as CEO as a Director; and

(d) the Medicxi Shareholders and/or the Lead Investor, as applicable, shall be entitled to nominate and maintain in office four (4) natural independent persons to act as Directors (and as a member of each and any committee of the Board) and to remove any Director(s) so appointed by them and, upon his/their removal, whether by the Medicxi Shareholders and/or the Lead Investor, as applicable, or otherwise, to appoint another Director(s) in his/their place. It is agreed that:

(i) the Medicxi Shareholders shall be entitled to nominate and maintain in office one (1) Independent Director;

(ii) the Lead Investor shall be entitled to nominate and maintain in office one (1) Independent Director; and

(iii) the Medicxi Shareholders and the Lead Investor shall together be entitled to nominate and maintain in office two (2) Independent Directors.

29.2 An appointment or removal of a Director under Articles 29.1(a) to 29.1(d) will take effect at and from the time when the written notice is received at the registered office of the Company or produced to a meeting of the Board (or any committee of the Board).

29.3 Each Director shall be entitled at his request to be appointed to any committee of the Board established from time to time and to the board of directors (or any committee of the board of directors) of any Subsidiary Undertaking.

29.4 The Medicxi Shareholders shall have the right to designate one (1) of the Medicxi Directors to be the chairman of the Board.

30. DISQUALIFICATION OF DIRECTORS

In addition to that provided in article 18 of the Model Articles, the office of a Director shall also be vacated if:

(a) he is convicted of a criminal offence (other than a minor motoring offence) and the other Directors resolve that his office be vacated; or

(b) in the case of any Director appointed pursuant to Article 29.1, if the appointing person no longer has the right to appoint a Director and the other Directors resolve that his office be vacated.

31. PROCEEDINGS OF DIRECTORS

31.1 The quorum for Directors' meetings shall be five (5) Directors, which must include the CEO, the Investor Director appointed by the Lead Investor and at least one (1) Medicxi Director (to extent that such a director has been appointed) (save that where a Relevant Interest of a Director is

being authorised by other Directors in accordance with section 175(5)(a) of the Act, such Director and any other interested Director shall not be included in the quorum required for the purpose of such authorisation but shall otherwise be included for the purpose of forming the quorum at the meeting). If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or at such time and place as determined by the Directors present at such meeting. If a quorum is not present at any such adjourned meeting within half an hour from the time appointed, then the meeting shall proceed and those present shall constitute the quorum. For the avoidance of doubt, to the extent a resolution of the Directors relates to a matter that requires Investor Majority Consent and/or Medicxi Consent, as applicable, pursuant to these Articles and/or the Shareholders' Agreement, such resolution shall be passed subject to the relevant consent(s) being obtained.

31.2 In the event that a meeting of the Directors is attended by a Director who is acting as an alternate for one (1) or more other Directors, the Director or Directors for who he is the alternate shall be counted in the quorum despite their absence, and if on that basis there is a quorum the meeting may be held despite the fact (if it is the case) that only one (1) Director is physically present.

31.3 If all the Directors participating in a meeting of the Directors are not physically in the same place, the meeting shall be deemed to take place where the largest group of participators in number is assembled. In the absence of a majority the location of the chairman shall be deemed to be the place of the meeting.

31.4 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company at any time before or after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

31.5 Provided (if these Articles so require) that he has declared to the Directors, in accordance with the provisions of these Articles, the nature and extent of his interest (and subject to any restrictions on voting or counting in a quorum imposed by the Directors in authorising a Relevant Interest), a Director may vote at a meeting of the Directors or of a committee of the Directors on any resolution concerning a matter in which he has an interest, whether a direct or an indirect interest, or in relation to which he has a duty and shall also be counted in reckoning whether a quorum is present at such a meeting.

31.6 Subject to matters requiring Investor Majority Consent and/or Medicxi Consent and/or Investor Director Consent pursuant to these Articles (and in particular including but not limited to the matters set forth in Part 1, Part 2 and Part 3 of Annex A, as applicable, to these Articles), the Shareholders' Agreement or the Subscription Agreement, questions arising at any meeting of the Directors shall be decided by a majority of votes. The votes of the Medicxi Directors shall be weighted so that if only one (1) Medicxi Director is present at any meeting of the Board or committee of the Board, such Medicxi Director shall be able to exercise two (2) votes. In the case of any equality of votes, the Chairman shall have a second or casting vote.

31.7 A decision of the Directors may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing (including, without limitation, confirmation given by electronic means). Reference in article 7(1) of the Model Articles to article 8 of the Model Articles shall be deemed to include a reference to this Article also.

32. DIRECTORS' INTERESTS

Specific interests of a Director

32.1 Subject to the provisions of the Act and provided (if these Articles so require) that he has declared to the Directors in accordance with the provisions of these Articles and the Act, the nature and extent of his interest, a Director may (save as to the extent not permitted by law from time to time), notwithstanding his office, have an interest of the following kind:

(a) where a Director (or a person Connected with him) is party to or in any way directly or indirectly interested in, or has any duty in respect of, any existing or proposed contract, arrangement or transaction with the Company or any other undertaking in which the Company is in any way interested;

(b) where a Director (or a person Connected with him) is a director, employee or other officer of, or a party to any contract, arrangement or transaction with, or in any way interested in, any body corporate promoted by the Company or in which the Company is in any way interested;

(c) where a Director (or a person Connected with him) is a shareholder in the Company or a shareholder in, employee, director, member or other officer of, or consultant to, a Parent Undertaking of, or a Subsidiary Undertaking of a Parent Undertaking of, the Company;

(d) where a Director (or a person Connected with him) holds and is remunerated in respect of any office or place of profit (other than the office of auditor) in respect of the Company or body corporate in which the Company is in any way interested;

(e) where a Director is given a guarantee, or is to be given a guarantee, in respect of an obligation incurred by or on behalf of the Company or any body corporate in which the Company is in any way interested;

(f) where a Director (or a person Connected with him or of which he is a member or employee) acts (or any body corporate promoted by the Company or in which the Company is in any way interested of which he is a director, employee or other officer may act) in a professional capacity for the Company or any body corporate promoted by the Company or in which the Company is in any way interested (other than as auditor) whether or not he or it is remunerated for this;

(g) an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest; or

(h) any other interest authorised by ordinary resolution.

Interests of an Investor Director

32.2 In addition to the provisions of Article 32.1, subject to the provisions of the Act and provided (if these Articles so require) that he has declared to the Directors in accordance with the provisions of these Articles, the nature and extent of his interest, where a Director is an Investor Director he may (save as to the extent not permitted by law from time to time), notwithstanding his office, have an interest arising from any duty he may owe to, or interest he may have as an employee, director, trustee, member, partner, officer or representative of, or a consultant to, or direct or indirect investor (including without limitation by virtue of a carried interest, remuneration or incentive arrangements or the holding of securities) in:

(a) an Investor;

(b) a Fund Manager which advises or manages an Investor;

(c) any of the funds advised or managed by a Fund Manager who advises or manages an Investor from time to time; or

(d) another body corporate or firm in which a Fund Manager who advises or manages an Investor or any fund advised or managed by such Fund Manager has directly or indirectly invested, including without limitation any portfolio companies.

Accountability of any benefit and validity of a contract

32.3 In any situation permitted by this Article 32 (save as otherwise agreed by him) a Director shall not by reason of his office be accountable to the Company for any benefit which he derives from that situation and no such contract, arrangement or transaction shall be avoided on the grounds of any such interest or benefit.

Terms and conditions of Board authorisation

32.4 Any authority given in accordance with section 175(5)(a) of the Act in respect of a Director ("**Interested Director**") who has proposed that the Board authorises his interest ("**Relevant Interest**") pursuant to that section may, for the avoidance of doubt:

(a) be given on such terms and subject to such conditions or limitations as may be imposed by the authorising Directors as they see fit from time to time, including, without limitation:

(i) restricting the Interested Director from voting on any resolution put to a meeting of the Directors or of a committee of the Directors in relation to the Relevant Interest;

(ii) restricting the Interested Director from being counted in the quorum at a meeting of the Directors or of a committee of the Directors where such Relevant Interest is to be discussed; or

(iii) restricting the application of the provisions in Articles 32.6 and 32.7, so far as is permitted by law, in respect of such Interested Director;

(b) be withdrawn, or varied at any time by the Directors entitled to authorise the Relevant Interest as they see fit from time to time; and

an Interested Director must act in accordance with any such terms, conditions or limitations imposed by the authorising Directors pursuant to section 175(5)(a) of the Act and this Article 32.

Terms and conditions of Board authorisation for an Investor Director

32.5 Notwithstanding the other provisions of this Article 32, it shall not (save with the Board) be made a condition of any authorisation of a matter in relation to that Investor Director in accordance with section 175(5)(a) of the Act, that he shall be restricted from voting or counting in the quorum at any meeting of, or of any committee of the Directors or that he shall be required to disclose, use or apply confidential information as contemplated in Article 32.8.

Director's duty of confidentiality to a person other than the Company

32.6 Subject to Article 32.7 (and without prejudice to any equitable principle or rule of law which may excuse or release the Director from disclosing information, in circumstances where disclosure may otherwise be required under this Article 32), if a Director, otherwise than by virtue of his position as Director, receives information in respect of which he owes a duty of confidentiality to a person other than the Company, he shall not be required:

(a) to disclose such information to the Company or to any Director, or to any officer or employee of the Company; or

(b) otherwise to use or apply such confidential information for the purpose of or in connection with the performance of his duties as a Director.

32.7 Where such duty of confidentiality arises out of a situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, Article 32.6 shall apply only if the conflict arises out of a matter which falls within Article 32.1 or Article 32.2 or has been authorised under section 175(5)(a) of the Act.

Additional steps to be taken by a Director to manage a conflict of interest

32.8 Where a Director has an interest which can reasonably be regarded as likely to give rise to a conflict of interest, the Director shall take such additional steps as may be necessary or desirable for the purpose of managing such conflict of interest, including compliance with any procedures laid down from time to time by the Directors for the purpose of managing conflicts of interest generally and/or any specific procedures approved by the Directors for the purpose of or in connection with the situation or matter in question, including without limitation:

(a) absenting himself from any discussions, whether in meetings of the Directors or otherwise, at which the relevant situation or matter falls to be considered; and

(b) excluding himself from documents or information made available to the Directors generally in relation to such situation or matter and/or arranging for such documents or information to be reviewed by a professional adviser to ascertain the extent to which it might be appropriate for him to have access to such documents or information.

Requirement of a Director is to declare an interest

32.9 Subject to section 182 of the Act, a Director shall declare the nature and extent of any interest permitted by Article 32.1 or Article 32.2 at a meeting of the Directors, or by general notice in accordance with section 184 (notice in writing) or section 185 (general notice) of the Act or in such other manner as the Directors may determine, except that no declaration of interest shall be required by a Director in relation to an interest:

(a) falling under Article 32.1(g);

(b) if, or to the extent that, all of the other Directors are already aware of such interest (and for this purpose the other Directors are treated as aware of anything of which they ought reasonably to be aware); or

(c) if, or to the extent that, it concerns the terms of his service contract (as defined by section 227 of the Act) that have been or are to be considered by a meeting of the Directors, or by a committee of Directors appointed for the purpose under these Articles.

Shareholder approval

32.10 Subject to section 239 of the Act, the Company may by ordinary resolution ratify any contract, transaction or arrangement, or other proposal, not properly authorised by reason of a contravention of any provisions of this Article 32.

32.11 For the purposes of this Article 32:

(a) a conflict of interest includes a conflict of interest and duty and a conflict of duties; and

(b) a general notice to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified.

33. NOTICES

33.1 Subject to the requirements set out in the Act, any notice given or document sent or supplied to or by any person under these Articles, or otherwise sent by the Company under the Act, may be given, sent or supplied:

(a) in hard copy form;

(b) in electronic form; or

(c) partly by one of these means and partly by another of these means.

Notices shall be given and documents supplied in accordance with the procedures set out in the Act, except to the extent that a contrary provision is set out in this Article 33.

Notices in hard copy form

33.2 Any notice or other document in hard copy form given or supplied under these Articles may be delivered or sent by first class post (airmail if overseas):

(a) to the Company or any other company at its registered office;

(b) to the address notified to or by the Company for that purpose;

(c) in the case of an intended recipient who is a member or his legal personal representative or trustee in bankruptcy, to such member's address as shown in the Company's register of members;

(d) in the case of an intended recipient who is a Director or alternate, to his address as shown in the register of Directors;

(e) to any other address to which any provision of the Companies Acts (as defined in the Act) authorises the document or information to be sent or supplied; or

(f) where the Company is the sender, if the Company is unable to obtain an address falling within one of the addresses referred to in 33.2(a) to 33.2(e) above, to the intended recipient's last address known to the Company.

33.3 Any notice or other document in hard copy form given or supplied under these Articles shall be deemed to have been served and be effective:

(a) if delivered, at the time of delivery; or

(b) if posted, on receipt or forty eight (48) hours after the time it was posted, whichever occurs first.

Notices in electronic form

33.4 Subject to the provisions of the Act, any notice or other document in electronic form given or supplied under these Articles may:

(a) if sent by email (provided that an address for email has been notified to or by the Company for that purpose), be sent by the relevant form of communication to that address;

(b) if delivered or sent by first class post (airmail if overseas) in an electronic form (such as sending a disk by post), be so delivered or sent as if in hard copy form under Article 33.2; or

(c) be sent by such other electronic means (as defined in section 1168 of the Act) and to such address(es) as the Company may specify by notice (in hard copy or electronic form) to all members of the Company from time to time.

33.5 Any notice or other document in electronic form given or supplied under these Articles shall be deemed to have been served and be effective:

(a) if sent by email (where an address for email has been notified to or by the Company for that purpose), on receipt or 48 hours after the time it was sent, whichever occurs first;

(b) if posted in an electronic form, on receipt or 48 hours after the time it was posted, whichever occurs first;

(c) if delivered in an electronic form, at the time of delivery; and

(d) if sent by any other electronic means as referred to in Article 33.4(c), at the time such delivery is deemed to occur under the Act.

33.6 Where the Company is able to show that any notice or other document given or sent under these Articles by electronic means was properly addressed with the electronic address supplied by the intended recipient, the giving or sending of that notice or other document shall be effective notwithstanding any receipt by the Company at any time of notice either that such method of communication has failed or of the intended recipient's non-receipt.

General

33.7 In the case of joint holders of a Share all notices shall be given to the joint holder whose name stands first in the register of members of the Company in respect of the joint holding (the **"Primary Holder"**). Notice so given shall constitute notice to all the joint holders.

33.8 Anything agreed or specified by the Primary Holder in relation to the service, sending or supply of notices, documents or other information shall be treated as the agreement or specification of all the joint holders in their capacity as such (whether for the purposes of the Act or otherwise).

34. INDEMNITIES AND INSURANCE

34.1 Subject to the provisions of and so far as may be permitted by, the Act:

(a) every Director or other officer of the Company (excluding the Company's auditors) shall be entitled to be indemnified by the Company (and the Company shall also be able to indemnify directors of any associated company (as defined in section 256 of the Act)) out of the Company's assets against all liabilities incurred by him in the actual or purported execution or discharge of his duties or the exercise or purported exercise of his powers or otherwise in relation to or in connection with his duties, powers or office, provided that no Director or director of any associated company is indemnified by the Company against:

(i) any liability incurred by the director to the Company or any associated company; or

(ii) any liability incurred by the Director or director of any associated company to pay a fine imposed in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirements of a regulatory nature; or

(iii) any liability incurred by a Director or a director of any associated company:

(A) in defending any criminal proceedings in which he is convicted;

(B) in defending civil proceedings brought by the Company or any associated company in which final judgment (within the meaning set out in section 234 of the Act) is given against him; or

(C) in connection with any application under sections 661(3) or 661(4) or 1157 of the Act (as the case may be) for which the court refuses to grant him relief,

save that, in respect of a provision indemnifying a director of a company (whether or not the Company) that is a trustee of an occupatonal pension scheme (as that term is used in section 235 of the Act) against liability incurred in connection with that company's activities as trustee of the scheme, the Company shall also be able to indemnify any such director without the restrictions in Articles 34.1(a)(i), 34.1(a)(iii)(B) and 34.1(a)(iii)(C) applying;

(b) the Board may exercise all the powers of the Company to purchase and maintain insurance for any such Director or other officer against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company, or any associated company including (if he is a director of a company which is a trustee of an occupational pension scheme) in connection with that company's activities as trustee of an occupational pension scheme.

34.2 The Company shall (at the cost of the Company) effect and maintain for each Director or director of any associated company policies of insurance insuring each Director against risks in relation to his office as each director may reasonably specify including without limitation, any liability which by virtue of any rule of law may attach to him in respect of any negligence, default of duty or breach of trust of which he may be guilty in relation to the Company.

35. SECRETARY

Subject to the provisions of the Act, the Board may appoint a secretary for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

36. LIEN

36.1 The Company shall have a first and paramount lien (the "**Company's Lien**") over every Share (whether or not a fully paid share) for all and any indebtedness of any holder of it to the Company (whether a sole holder or one of two or more joint holders), whether or not that indebtedness or liability is in respect of the Shares concerned and whether or not it is presently payable.

36.2 The Company's Lien over a Share:

(a) shall take priority over any third party's interest in that Share; and

(b) extends to any dividend or other money payable by the Company in respect of that Share and (if the lien is enforced and the Share is sold by the Company) the proceeds of sale of that Share.

The Board (disregarding any votes of Directors nominated by the Shareholder to whose Share(s) the Company's Lien in question relates or any other Shareholder with whom such Shareholder is Connected) may at any time decide that a Share which is, or would otherwise be, subject to the Company's Lien shall not be subject to it, either wholly or in part.

36.3 Subject to the provisions of this Article 36, if:

(a) a notice complying with Article 36.4 (a "**Lien Enforcement Notice**") has been given by the Company in respect of a Share; and

(b) the person to whom the notice was given has failed to comply with it,

the Company shall be entitled to sell that Share in such manner as Board may decide (disregarding any votes of Directors nominated by the Shareholder to whose Share(s) the Company's Lien in question relates or any other Shareholder with whom such Shareholder is Connected).

36.4 A Lien Enforcement Notice:

(a) may only be given by the Company in respect of a Share which is subject to the Company's Lien, in respect of which a sum is payable and the due date for payment of that sum has passed;

(b) must specify the Share concerned;

(c) must require payment of the sum payable within fourteen (14) days of the notice;

(d) must be addressed either to the holder of the Share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise; and

(e) must state the Company's intention to sell the Share if the notice is not complied with.

36.5 Where any Share is sold pursuant to this Article 36:

(a) the Board (disregarding any votes of Directors nominated by the Shareholder to whose Share(s) the Company's Lien in question relates or any other Shareholder with whom such Shareholder is Connected) may authorise any person to execute an instrument of transfer of the Share to the purchaser or a person nominated by the purchaser; and

(b) the transferee shall not be bound to see to the application of the consideration, and the transferee's title shall not be affected by any irregularity in or invalidity of the process leading to the sale.

36.6 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied:

(a) first, in payment of so much of the sum for which the lien exists as was payable at the date of the Lien Enforcement Notice;

(b) secondly, to the person entitled to the Share at the date of the sale, but only after the certificate for the Share sold has been surrendered to the Company for cancellation or an indemnity for lost certificate in a form acceptable to the Board has been given for any lost certificate, and subject to a lien equivalent to the Company's Lien for any money payable (whether or not it is presently payable) as existing upon the Share before the sale in respect of all Shares registered in the name of that person (whether as the sole registered holder or as one of several joint holders) after the date of the Lien Enforcement Notice.

36.7 A statutory declaration by a Director or the company secretary that the declarant is a Director or the company secretary and that a Share has been sold to satisfy the Company's Lien on a specified date:

(a) shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share; and

(b) subject to compliance with any other formalities of transfer required by these Articles or by law, shall constitute a good title to the Share.

37. CALL NOTICES

37.1 Subject to these Articles and the terms on which Shares are allotted, the Board (disregarding any votes of Directors nominated by the Shareholder to whose Share(s) the Call Notice in question relates or any other Shareholder with whom such Shareholder is Connected) may send a notice (a **"Call Notice"**) to a Shareholder who has not fully paid for that Shareholder's Share(s) requiring the Shareholder to pay the Company a specified sum of money (a "call") which is payable to the Company by that Shareholder when the Board decides to send the Call Notice.

37.2 A Call Notice:

(a) may not require a Shareholder to pay a call which exceeds the total sum unpaid on that Shareholder's Shares (whether as to the Share's nominal value or any sum payable to the Company by way of premium);

(b) shall state when and how any call to which it relates is to be paid; and

(c) may permit or require the call to be paid by instalments.

37.3 A Shareholder shall comply with the requirements of a Call Notice, but no Shareholder shall be obliged to pay any call before fourteen (14) days have passed since the Call Notice was sent.

37.4 Before the Company has received any call due under a Call Notice the Board (disregarding any votes of Directors nominated by the Shareholder to whose Share(s) the Call Notice in question relates or any other Shareholder with whom such Shareholder is Connected) may:

(a) revoke it wholly or in part; or

(b) specify a later time for payment than is specified in the Call Notice, by a further notice in writing to the Shareholder in respect of whose Shares the call is made.

37.5 Liability to pay a call shall not be extinguished or transferred by transferring the Shares in respect of which it is required to be paid. Joint holders of a Share shall be jointly and severally liable to pay all calls in respect of that Share.

37.6 Subject to the terms on which Shares are allotted, the Board may, when issuing Shares, provide that Call Notices sent to the holders of those Shares may require them to:

(a) pay calls which are not the same; or

(b) pay calls at different times.

37.7 A Call Notice need not be issued in respect of sums which are specified, in the terms on which a Share is issued, as being payable to the Company in respect of that Share (whether in respect of nominal value or premium):

(a) on allotment;

(b) on the occurrence of a particular event; or

(c) on a date fixed by or in accordance with the terms of issue.

37.8 If the due date for payment of such a sum as referred to in Article 37.7 has passed and it has not been paid, the holder of the Share concerned shall be treated in all respects as having failed to comply with a Call Notice in respect of that sum, and shall be liable to the same consequences as regards the payment of interest and forfeiture.

37.9 If a person is liable to pay a call and fails to do so by the Call Payment Date (as defined below):

(a) the Board (disregarding any votes of Directors nominated by the Shareholder to whose Share(s) the intended forfeiture relates or any other Shareholder with whom such Shareholder is Connected) may issue a notice of intended forfeiture to that person; and

(b) until the call is paid, that person shall be required to pay the Company interest on the call from the Call Payment Date at the Relevant Rate (as defined below).

37.10 For the purposes of Article 37.9:

(a) the "**Call Payment Date**" shall be the time when the call notice states that a call is payable, unless the Board (disregarding any votes of Directors nominated by the Shareholder to whose Share(s) the call in question relates or any other Shareholder with whom such Shareholder is Connected) gives a notice specifying a later date, in which case the "**Call Payment Date**" is that later date;

(b) the "**Relevant Rate**" shall be:

(i) the rate fixed by the terms on which the Share in respect of which the call is due was allotted;

(ii) such other rate as was fixed in the Call Notice which required payment of the call, or has otherwise been determined by the Board (disregarding any votes of Directors nominated by the Shareholder to whose Share(s) the call relates or any other Shareholder with whom such Shareholder is Connected); or

(iii) if no rate is fixed in either of these ways, five per cent (5%) a year,

provided that the Relevant Rate shall not exceed by more than five (5) percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998(a).

37.11 The Board (disregarding any votes of Directors nominated by the Shareholder to whose Share(s) the call in question relates or any other Shareholder with whom such Shareholder is Connected) may waive any obligation to pay interest on a call wholly or in part.

37.12 The Board (disregarding any votes of Directors nominated by the Shareholder to whose Share(s) the payment in question relates or any other Shareholder with whom such Shareholder is Connected) may accept full payment of any unpaid sum in respect of a Share despite payment not being called under a Call Notice.

38. FORFEITURE OF SHARES

38.1 A notice of intended forfeiture:

(a) may be sent in respect of any Share for which there is an unpaid sum in respect of which a call has not been paid as required by a Call Notice;

(b) shall be sent to the holder of that Share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise;

(c) shall require payment of the call and any accrued interest and all expenses that may have been incurred by the Company by reason of such non-payment by a date which is not fewer than fourteen (14) days after the date of the notice;

(d) shall state how the payment is to be made; and

(e) shall state that if the notice is not complied with, the Shares in respect of which the call is payable will be liable to be forfeited.

38.2 If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, then the Board (disregarding any votes of Directors nominated by the Shareholder to whose Share(s) the intended forfeiture in question relates or any other Shareholder with whom such Shareholder is Connected) may decide that any Share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited Shares and not paid before the forfeiture.

38.3 Subject to these Articles, the forfeiture of a Share extinguishes:

(a) all interests in that Share, and all claims and demands against the Company in respect of it; and

(b) all other rights and liabilities incidental to the Share as between the person whose Share it was prior to the forfeiture and the Company.

38.4 Any Share which is forfeited in accordance with these Articles:

(a) shall be deemed to have been forfeited when the Board (disregarding any votes of Directors nominated by the Shareholder to whose Share(s) the forfeiture in question relates or any other Shareholder with whom such Shareholder is Connected) decide that it is forfeited;

(b) shall be deemed to be the property of the Company; and

(c) may be sold, re-allotted or otherwise disposed of as the Board (disregarding any votes of Directors nominated by the Shareholder to whose Share(s) the forfeiture in question relates or any other Shareholder with whom such Shareholder is Connected) think fit.

38.5 If a person's Shares have been forfeited then:

(a) the Company shall send that person notice that forfeiture has occurred and record it in the register of members;

(b) that person shall cease to be a Shareholder in respect of those Shares;

(c) that person shall surrender the certificate for the Shares forfeited to the Company for cancellation;

(d) that person shall remain liable to the Company for all sums payable by that person under these Articles at the date of forfeiture in respect of those Shares, including any interest (whether accrued before or after the date of forfeiture); and

(e) the Board (disregarding any votes of Directors nominated by the Shareholder to whose Share(s) the forfeiture in question relates or any other Shareholder with whom such Shareholder is Connected) shall be entitled to waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the Shares at the time of forfeiture or for any consideration received on their disposal.

38.6 At any time before the Company disposes of a forfeited Share, the Board (disregarding any votes of Directors nominated by the Shareholder to whose Share(s) the forfeiture in question relates or any other Shareholder with whom such Shareholder is Connected) shall be entitled to decide to cancel the forfeiture on payment of all calls and interest and expenses due in respect of it and on such other terms as they think fit.

38.7 If a forfeited Share is to be disposed of by being transferred, the Company shall be entitled to receive the consideration for the transfer and the Board shall be entitled to authorise any person to execute the instrument of transfer.

38.8 A statutory declaration by a Director or the company secretary that the declarant is a Director or the company secretary and that a Share has been forfeited on a specified date:

(a) shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share; and

(b) subject to compliance with any other formalities of transfer required by these Articles or by law, constitutes a good title to the Share.

38.9 A person to whom a forfeited Share is transferred shall not be bound to see to the application of the consideration (if any) nor shall that person's title to the Share be affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the Share.

38.10 If the Company sells a forfeited Share, the person who held it prior to its forfeiture shall be entitled to receive the proceeds of such sale from the Company, net of any commission, and excluding any sum which:

(a) was, or would have become, payable; and

(b) had not, when that Share was forfeited, been paid by that person in respect of that Share,

but no interest shall be payable to such a person in respect of such proceeds and the Company shall not be required to account for any money earned on such proceeds.

39. SURRENDER OF SHARES

39.1 A Shareholder shall be entitled to surrender any Share:

(a) in respect of which the Board issues a notice of intended forfeiture;

(b) which the Board forfeits; or

(c) which has been forfeited.

39.2 The Board shall be entitled to accept the surrender of any such Share.

39.3 The effect of surrender on a Share shall be the same as the effect of forfeiture on that Share.

39.4 The Company shall be entitled to deal with a Share which has been surrendered in the same way as a Share which has been forfeited.

40. AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS

40.1 The Board may, if authorised to do so by an ordinary resolution:

(a) decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and

(b) appropriate any sum which they so decide to capitalise (a **"Capitalised Sum"**) to such Shareholders and in such proportions as the Board may in their absolute discretion deem appropriate (the **"Shareholders Entitled"**).

40.2 Article 36 of the Model Articles shall not apply to the Company.

40.3 Capitalised Sums may be applied on behalf of such Shareholders and in such proportions as the Board may (in its absolute discretion, in good faith and with Investor Majority Consent) deem appropriate.

40.4 Any Capitalised Sum may be applied in paying up new Shares up to the nominal amount (or such amount as is unpaid) equal to the Capitalised Sum, which are then allotted and credited as fully paid to the Shareholders Entitled or as they may direct.

40.5 A Capitalised Sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are allotted credited as fully paid to the Shareholders Entitled or as they may direct.

40.6 Subject to these Articles the Board may:

(a) apply Capitalised Sums in accordance with Articles 40.4 and 40.5 partly in one way and partly another;

(b) make such arrangements as they think fit to deal with Shares or debentures becoming distributable in fractions under this Article 40; and

(c) authorise any person to enter into an agreement with the Company on behalf of all of the Shareholders Entitled which is binding on them in respect of the allotment of Shares or debentures under this Article 40.

41. LOCK UP

41.1 Other than the sale of any Shares: (a) to an underwriter pursuant to an underwriting agreement; (b) acquired by a Shareholder in the Company's IPO; or (c) acquired by a Holder in the secondary market following the IPO, no Shareholder shall, without the prior written consent of the Company's underwriters, during the period commencing on the date of the final offering document relating to an IPO and ending on the date specified by the Board (not to exceed twelve (12) Months for Shareholders with respect to their Ordinary Shares, save that for Investors such period shall not exceed one hundred and eighty (180) days with respect to any Ordinary Shares that have resulted from the conversion of the A Preferred Shares):

(a) to the extent required by the Company's underwriters or by the Board, retain such number of their shares in the Company held at the time of the IPO for such period after IPO as is required by the applicable rules of the relevant exchange or otherwise determined by the Board (which if determined by the Board shall not exceed twelve (12) Months);

(b) end, 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 held immediately prior to the effectiveness of the registration statement for the IPO or issued pursuant to any outstanding options or contingent value right outstanding immediately prior to the effectiveness of the registration statement for the IPO; or

(c) 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 Shares,

whether or not any such transaction is to be settled by delivery of Shares or other securities, in cash or otherwise.

41.2 In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Shares (and transferees and assignees thereof) until the end of such restricted period.

41.3 Each Shareholder shall enter into a separate lock-up agreement in a form approved by an Investor Majority Consent and a Medicxi Consent in respect of the IPO if and to the extent required by the Company's underwriters in order to facilitate the IPO. If any Shareholder fails to comply with the provisions of this Article, the Company shall be constituted the agent of each defaulting Shareholder for taking such actions as are necessary to effect the lock-up and the Board (disregarding any votes of Directors nominated by the defaulting Shareholder or any other Shareholder with whom such Shareholder is Connected) may authorise an officer or member to execute and deliver on behalf of such defaulting Shareholder the necessary documents to effect the lock-up, including, without limitation, a lock-up agreement, in a form approved by an Investor Majority Consent and a Medicxi Consent.

42. IPO

42.1 In the event the Board (acting reasonably and in accordance with the Directors' fiduciary duties) and with Investor Majority Consent and Medicxi Consent has resolved to pursue an IPO, each Shareholder shall take all steps necessary or desirable to implement such IPO on such terms as are approved by the Board (acting reasonably and in accordance with the Directors' fiduciary duties) and with Investor Majority Consent and Medicxi Consent, including (without limitation):

(a) consenting to, voting for, raising no objections to and waiving any applicable rights as are necessary or desirable (in the opinion of the Board (acting reasonably and in accordance with the Directors' fiduciary duties) and with Investor Majority Consent and Medicxi Consent) to:

(i) undertake a capital reduction of the Company which is necessary or desirable as part of the re-registration as a public listed company referred to in Article 42.1(a)(ii) below or as otherwise approved by the Board (acting reasonably and in accordance with the Directors' fiduciary duties) and with Investor Majority Consent and Medicxi Consent, provided that such action does not:

(A) have an adverse effect on any Investor's rights save where each other Investor suffers the same or substantially the same adverse effect;

(B) have a positive effect on any Investor's rights which is not also experienced by the other Investors; or

(C) cause an Investor to be in violation of any applicable laws or regulations;

(ii) re-register the Company as a public listed company (if applicable);

(iii) undertake any: (A) consolidation; (B) consolidation and sub-division; (C) sub-division; and/or (D) redesignation of any or all of the share capital of the Company, provided that action does not:

(A) have an adverse effect on any Investor's rights save where each other Investor suffers the same or substantially the same adverse effect;

(B) have a positive effect on any Investor's rights which is not also experienced by the other Investors; or

(C) cause an Investor to be in violation of any applicable laws or regulations;

(iv) adopt with effect from the Admission Date new articles of association of the Company, depending on which entity is the subject of the IPO in a form appropriate for a listed public company (in each case in such form as determined by the Board (acting reasonably and in accordance with the Directors' fiduciary duties) and with Investor Majority Consent and Medicxi Consent);

(v) make all applications needed to a relevant investment exchange to apply for the listing or registration of any shares in the Company; and

(vi) giving effect to any general meeting (including any annual general meeting) of the Company to be held in connection with the IPO being held on short notice provided that each Investor has been given at least five (5) Business Days' notice of the meeting or attends in person or proxy; and

(b) the entry into an underwriting agreement by the Company, any Shareholder who is selling in the IPO and the underwriters on terms approved by the Board (acting reasonably and in accordance with the Directors' fiduciary duties) and with Investor Majority Consent and Medicxi Consent and any such Shareholder, it being agreed that no Shareholder shall be required to sell any securities in an IPO unless it wishes to do so.

42.2 The Board shall not require any Investor (and no Investor shall be required) to take any action pursuant to this Article 42 which would:

(a) have an adverse effect on any Investor's rights save where each other Investor suffers the same or substantially the same adverse effect;

(b) have a positive effect on any Investor's rights which is not also experienced by the other Investors; or

(c) cause an Investor to be in violation of any applicable laws or regulations.

43. PROVISIONS APPLICABLE TO SHARES HELD BY APPLICABLE PERSONS

43.1 Each Employee and each Permitted Transferee of any Employee (an "**Applicable Person**") appoints any Director from time to time of the Company as its agent (the "**Agent**") with full power and authority in its name or otherwise, and on its behalf (but subject to the limitations set out in Article 43.3), to do and perform all acts and things, receive notice of and to approve, execute or sign and deliver in its name all agreements, consents, resolutions, forms or documents in respect of the Applicable Person's Shares which the Agent in his absolute discretion considers necessary or desirable in connection with:

(a) the sale of all or any of the Applicable Person's Shares as part of a Share Sale;

(b) compliance with his obligations under Article 23 following the service of a Drag Along Notice;

(c) the conversion of any Employee Shares into Deferred Shares in accordance with these Articles, an IPO Vesting Agreement and/or a Share Restriction Agreement;

(d) any reorganisation in connection with an IPO (including, without limitation, any of the matters contemplated by Articles 39, 41 and 42);

(e) an IPO; or

(f) any other reorganisation of the Company or any of its Parent or Subsidiary Undertakings which the Agent considers in his sole discretion should involve the transfer, sale or cancellation of all or any of the Shares held by such Applicable Person,

together with all matters ancillary to such a transaction (an "**Agency Event**"), where the proposed Agency Event has been approved in accordance with these Articles and the Investors are also participating in the substance of the transaction relating to the relevant Agency Event.

43.2 Without limiting the generality of Article 43.1 above, the Agent shall have power:

(a) to give any warranties in respect of an Agency Event as to title to and ownership of, and the relevant person's capacity to enter into any agreement to sell, the Shares held by such Applicable Person;

(b) to agree the form and content of, negotiate, vary or approve, and execute, deliver and sign in the Applicable Person's name or otherwise and on the Applicable Person's behalf any document relating to any Agency Event, including:

(i) a share purchase agreement in relation to the sale of the Applicable Person's Shares; and

(ii) any other agreements, consents, resolutions or documents whatsoever which may have to be executed by the Applicable Person in connection with the Agency Event or any other arrangements to be made in connection with the Agency Event; and

(c) in relation to any Shares registered in the name of the Applicable Person:

(i) to consent on the Applicable Person's behalf to the holding of any general meeting or class meeting of the Company at short notice; and

(ii) to receive notice of, attend and vote on the Applicable Person's behalf in favour of any resolution proposed at any general meeting or class meeting of the Company or to receive and sign any written resolution of the Company,

in each case in which the Agent in his or her absolute discretion considers to be necessary or desirable in connection with an Agency Event.

43.3 Notwithstanding any provision of Articles 43.1 and 43.2 to the contrary, the powers and authority granted under Articles 43.1 and 43.2 shall be subject to the following limitations:

(a) the only warranties that may be given by the Agent on the Applicable Person's behalf in respect of his, her or its Shares shall be as to the Applicable Person's title to and ownership of his Shares and the Applicable Person's capacity to enter into any agreement to sell such Shares;

(b) no indemnities shall be given by the Agent through the exercise of Articles 43.1 and 43.2 (except for any indemnity as may be required to be given to the Company on an Agency Event arising as a consequence of the Applicable Person's failure to produce a share certificate in respect of any of his Shares or which are also required to be given by the Investors as part of any purchase price or related payment provisions (provided that in the case of any purchase price indemnities these are in the same form for all shareholders));

(c) any matter to be undertaken on behalf of an Applicable Person by an Agent under Articles 43.1 and 43.2 must be within the scope of the approval given by Investor Majority Consent and must not diminish the rights of that Applicable Person to any material extent save as expressly provided for in these Articles (and, for the avoidance of doubt, the sale of an Applicable Person's Shares shall not be regarded as any diminution in the rights of that Applicable Person);

(d) the exercise of the powers granted under Articles 43.1 and 43.2 shall not authorise the Agent to assume any obligation on the Applicable Person's behalf (or vote in favour of any resolution on the Applicable Person's behalf) that might reasonably be considered materially adverse to the Applicable Person's interests (taking account of the nature of the underlying transaction and the Applicable Person's shareholding in the Company); and

(e) the Agent shall have no authority to enter into any restrictive covenant on the Applicable Person's behalf.

43.4 Without limiting Articles 43.1 and 43.2 above, the Agent shall also have the power to do and perform all acts and things and to approve, execute or sign and deliver in the Applicable Person's name all documents, resolutions, consents, forms or agreements which the Agent in his absolute discretion considers necessary or desirable in connection with the transfer of all or any of the Applicable Person's Shares to a nominee or from one nominee to another nominee.

44. PFIC COVENANT

44.1 The Company shall make due inquiry with a "Big Four" accounting firm at least annually, and in any event no later than thirty (30) days following the end of the Company's taxable year, regarding the status of the Company or any of its Subsidiaries as a PFIC. If the Company or any such Subsidiary becomes a "passive foreign investment company" within the meaning of Section 1297 of the Internal Revenue Code of 1986, as amended (the "**Code**") (a "**PFIC**"), or if the Company determines there is a likelihood of the Company or any such Subsidiary being a PFIC for any taxable year, the Company shall (i) promptly notify the Shareholders of such status or risk, as the case may be, and (ii) following the end of each taxable year of the Company or applicable Subsidiary (but in no event later than ninety (90) days following the end of such taxable year), provide the Shareholders the necessary information to accurately prepare their (or any of the Shareholder's Partners') United States tax returns and comply with any other reporting requirements, including information necessary with respect to the timely making and maintenance of a "qualified electing fund" election as defined in Section 1295 of the Code, with respect to the Company and any of its Subsidiaries and any related "PFIC Annual Information Statement" as described under regulations promulgated by the United States Department of the Treasury and the Internal Revenue Service under the Code in Section 1.1295-1(g) or any successor thereto. For purposes of this Article, the term "**Partners**" shall mean the partners or members of a Shareholder, as applicable, and any direct or indirect equity owners of such partners or members.

44.2 The Company and each Subsidiary will use commercially reasonable efforts to review any alterations, proposed to be undertaken after the date hereof, of (i) the legal organizational structure of the Company and its Subsidiaries or (ii) any U.S. tax elections and accounting methods available to the Company and its Subsidiaries with a view to avoid classification as a PFIC for any year, provided, however, that neither the Company nor any Subsidiary shall be required to take any action as a result of such review that would not be consistent, in the good faith assessment of the Company or any of its Subsidiaries, with the business operations or objectives of the Company and its Subsidiaries (including any cost-saving objectives, such as reducing tax leakage for the Company or any of its Subsidiaries).

Annex A – Matters requiring Investor Majority Consent and/or Medicxi Consent

PART 1: Matters Requiring Investor Majority Consent

1. Create, allot or issue any shares or equity securities convertible into or exercisable for shares of the Company ranking pari passu with or senior to the A Preferred Shares.
2. Create, allot or issue any shares or equity securities convertible into or exercisable for shares in any Subsidiary.
3. Redeem or repurchase any shares or equity securities convertible into or exercisable for shares of the Company or any Subsidiary, except in accordance with these Articles and/or in respect of any shares originally issued out of the Incentivisation Plan or pursuant to any employee incentive scheme.
4. Permit or cause to be proposed any alteration or waiver of any of the rights attaching to the A Preferred Shares.
5. Permit or cause to be proposed any amendment to these Articles or any organizational documents of the Subsidiaries, in each case which is adverse to the Investors.
6. Any IPO, except for a Qualified IPO.
7. Propose, declare or pay any dividend or propose, declare or make any other distribution (as defined under section 1000 or section 1064 of the CTA 2010).
8. Any issuance, assumption, incurrence or guarantee of any material indebtedness by the Company or any of Group Company in excess of threshold(s) set out the detailed operating budget and cash flow forecast in respect of each Financial Year (the **"Budget"**).
9. Any transaction amounting to a Share Sale with respect to the Company only prior to the third anniversary of Completion, unless the cash price per A Preferred Share is equal to twice the Issue Price.
10. Any sale, lease, license or other disposition of assets outside the ordinary course of business, including for any transaction amounting to a Share Sale or Asset Sale with respect to any Subsidiary.
11. Any acquisition by the Company or any of its Subsidiaries of the business or assets of another person (including through the entry into of a joint venture or strategic alliance) in excess of threshold(s) set out in the Budget.
12. Entry into or variation of any transaction or arrangement with, or for the benefit of any of its Directors or Shareholders or any other person who is a connected person with any of its Directors or Shareholders, other than any transactions or arrangements with any Employees entered into in the ordinary course, including (without limitation) any transactions or arrangements entered into in connection with any grant or award of incentivisation from the Incentivisation Plan.
13. Any agreement or understanding relating to or governing the compensation of, or payments to, and the hiring or termination of, the CEO or any prospective CEO.
14. Any amendment to the Incentivisation Plan or increase of the incentives available thereunder, or entry into or adoption of any other equity incentive plan or arrangement.
15. Adopting the initial Budget or amending the Budget (if any such amendments would constitute a change of more than twenty per cent (20%) of any relevant line item when compared to the initial Budget).

16. Incurring any capital expenditure in excess of $1 million that are not specifically included in the Budget.

17. Making any change to:

    (a) the material accounting policies, bases or methods set out in the financial accounts of the Company or any of its Subsidiaries (other than as recommended by the auditors of the Company or the Subsidiaries);

    (b) the matters listed in this Part 1 of this Annex A; or

    (c) the domicile or tax classification of the Company or any of its Subsidiaries.

18. Increase or decrease the authorised size of the Board.

PART 2: Matters Requiring Medicxi Consent

1. Any IPO, except for a Qualified IPO.

2. Propose, declare or pay any dividend or propose, declare or make any other distribution (as defined under section 1000 or section 1064 of the CTA 2010).

3. Any sale, lease, licence or other disposition of assets outside the ordinary course of business, including for any transaction amounting to a Share Sale or Asset Sale with respect to any Subsidiary.

4. Any acquisition by the Company or any of its Subsidiaries of the business or assets of another person (including through the entry into of a joint venture or strategic alliance) in excess of threshold(s) set out in the Budget.

5. Any agreement or understanding relating to or governing the compensation of, or payments to, and the hiring or termination of, the CEO or any prospective CEO.

6. Create, allot, issue, buy-in or redeem any share or loan capital or grant or agree to grant any options or warrants for the issue of any share or loan capital or issue any securities convertible into shares, except in accordance with the Incentivisation Plan or any otherwise required in accordance with these Articles.

7. Any transaction amounting to a Share Sale with respect to the Company.

PART 3: Matters requiring Investor Director Consent

1. Adoption or any amendments to the Budget.

THE COMPANIES ACT 2006

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

CENTESSA PHARMACEUTICALS PLC

(REGISTERED NUMBER: 12973576)

(Adopted by a special resolution passed on _____ 2021)

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Company number: 12973576

THE COMPANIES ACT 2006

PUBLIC COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION

of

CENTESSA PHARMACEUTICALS PLC

(the "Company")

(Adopted by a special resolution passed on _____ 2021)

1. **Applicability of the Model Articles**

No regulations or articles set out in any statute, or in any statutory instrument or other subordinate legislation made under any statute, concerning companies (including the regulations in the Companies (Model Articles) Regulations 2008 (SI 2008/3229)) shall apply as the articles of the Company. The following shall be the articles of association of the Company.

2. **Definitions and Interpretation**

2.1 In these Articles, unless the context requires otherwise, the following words and expressions shall have the meanings set out below:

"**Act**" means the Companies Act 2006

"**address**" includes any number or address used for the purposes of sending or receiving documents or information by electronic means

"**Articles**" means these articles of association as altered from time to time and Article shall be construed accordingly

"**Board**" means the board of Directors for the time being of the Company or the Directors present or deemed to be present at a duly convened quorate meeting of the Directors

"**certificated shares**" a share which is not an uncertificated share and references in these Articles to a share being held in certificated form shall be construed accordingly

"**clear days**" in relation to a period of notice means that period excluding the day when the notice is served or deemed to be served and the day for which it is given or on which it is to take effect

"**Companies Acts**" means the Act, the Companies Act 1985 and, where the context requires, every other statute from time to time in force concerning companies and affecting the Company

"**Deferred Shares**" has the meaning given to it in Article 4.1(b)

"**Director**" means a director for the time being of the Company

"**electronic form**" has the meaning given to it in section 1168 of the Act

"**electronic means**" has the meaning given to it in section 1168 of the Act

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934

"**FSMA**" means the Financial Services and Markets Act 2000

"**Listing**" means the listing of the Company's Ordinary Shares (in the form of American depositary shares) on Nasdaq

"**member**" means a member of the Company, or where the context requires, a member of the Board or of any committee

"**Nasdaq**" means The Nasdaq Stock Market LLC

"**Nasdaq Rules**" means the rules of Nasdaq

"**Office**" means the registered office from time to time of the Company

"**Operator**" means Euroclear UK and Ireland Limited or such other person as may for the time being be approved by HM Treasury as Operator under the uncertificated securities rules

"**Ordinary Shares**" has the meaning given to it in Article 4.1(a)

"**paid up**" means paid up or credited as paid up

"**participating class**" means a class of shares title to which is permitted by the Operator to be transferred by means of a relevant system

"present" means, for the purpose of physical general meetings, present in person or, for the purposes of electronic general meetings, present by electronic means

"**Register**" means the register of members of the Company to be maintained under the Act or as the case may be any overseas branch register maintained under Article 119

"**relevant system**" means a computer-based system which allows units of securities without written instruments to be transferred and endorsed pursuant to the uncertificated securities rules

"**Seal**" means the common seal of the Company or, where the context allows, any official seal kept by the Company under section 50 of the Act

"**Secretary**" means the secretary of the Company for the time being

"Securities Act" means the U.S. Securities Act of 1933

"**Share Warrant**" means a warrant to bearer issued by the Company in respect of its shares

"**uncertificated securities rules**" means any provision of the Companies Acts relating to the holding, evidencing of title to, or transfer of uncertificated shares and any legislation, rules or other arrangements made under or by virtue of such provision (including the Uncertificated Securities Regulations 2001 as amended or replaced from time to time and any subordinate legislation or rules made under them for the time being in force)

"**uncertificated share**" means a share of a class which is at the relevant time a participating class, title to which is recorded on the Register as being held in uncertificated form and references in these Articles to a share being held in uncertificated form shall be construed accordingly

2.2 Headings are used for convenience only and shall not affect the construction or interpretation of these Articles.

2.3 A **person** includes a corporate and an unincorporated body (whether or not having separate legal personality).

2.4 Words in the singular shall include the plural and vice versa.

2.5 A reference to one gender shall include a reference to all other genders.

2.6 A reference to a statute or statutory provision is a reference to it as it is in force for the time being, taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.

2.7 Any words or expressions defined in the Companies Acts in force when these Articles or any part of these Articles are adopted shall (if not inconsistent with the subject or context in which they appear) have the same meaning in these Articles or that part, save that the word **company** shall include any body corporate.

2.8 A reference to a document **being signed** or to **signature** includes references to its being executed under hand or under seal or by any other method and, in the case of a communication in electronic form, such references are to its being authenticated as specified by the Companies Acts.

2.9 A reference to **writing** or **written** includes references to any method of representing or reproducing words in a legible and non-transitory form whether sent or supplied in electronic form or otherwise.

2.10 A reference to documents or information **being sent or supplied by or to** a company (including the Company) shall be construed in accordance with section 1148(3) of the Act.

2.11 A reference to a **meeting** shall not be taken as requiring more than one person to be present if any quorum requirement can be satisfied by one person.

2.12 If any Article (or part thereof) is or becomes inconsistent with any laws or regulations of any country to which affairs of the Company are subject such laws or regulations shall prevail and the relevant Article (or part thereof) shall be construed accordingly.

2.13 A reference to an **electronic platform** or **electronic platforms** include, without limitation, website addresses and conference call systems, and references to persons attending meetings by **electronic means** means attendance at electronic general meetings via the electronic platform(s) stated in the notice of such meeting.

3. **Form of Resolution**

Subject to the Companies Acts, where anything can be done by passing an ordinary resolution, this can also be done by passing a special resolution.

4. **Capital**

4.1 The capital of the Company is divided into:

(a) an unlimited number of ordinary shares of £[•] each ("**Ordinary Shares**"); and

(b) an unlimited number of deferred shares which shall be denominated in sterling with a nominal value to be determined by the Board or a duly appointed and convened committee of the Board ("**Deferred Shares**"),

in each case conferring on the holders the rights and being subject to the restrictions set out in Article 10.

5. **Limited Liability**

The liability of the members of the Company is limited to the amount, if any, unpaid on the shares in the Company held by them.

6. **Change of Name**

The Company may change its name by resolution of the Board.

7. **Power to Attach Rights to Shares**

Subject to the Companies Acts and to any rights attached to existing shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution determine, or if no ordinary resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine.

8. **Allotment of Shares and Pre-Emption**

8.1 Subject to the Companies Acts, these Articles and to any relevant authority of the Company in general meeting required by the Act, the Board may offer, allot (with or without conferring rights of renunciation), grant options over or otherwise deal with or dispose of shares or grant rights to subscribe for or convert any security into shares to such persons, at such times and upon such terms as the Board may decide. No share may be issued at a discount to its nominal value.

8.2 The Board may, at any time after the allotment of any share but before any person has been entered in the Register, recognise a renunciation by the allottee in favour of some other person and accord to the allottee of a share a right to effect such renunciation and/or allow the rights to be represented by one or more participating securities, in each case upon and subject to such terms and conditions as the Board may think fit to impose.

8.3 Under and in accordance with section 551 of the Act, the Directors shall be generally and unconditionally authorised to exercise for each prescribed period all the powers of the Company to allot shares or to grant rights to subscribe for or to convert any security into shares up to an aggregate nominal amount equal to the Section 551 Amount (as defined below).

8.4 Under and within the terms of the said authority or otherwise in accordance with section 570 of the Act, the Directors shall be empowered during each prescribed period to allot equity securities (as defined by the Act) wholly for cash:

(a) in connection with a rights issue; and

(b) otherwise than in connection with a rights issue up to an aggregate nominal amount equal to the Section 561 Amount (as defined below).

8.5 During each prescribed period the Company and its Directors by such authority and power may make offers or agreements which would or might require equity securities or other securities to be allotted after the expiry of such period.

8.6 For the purposes of this Article 8:

(a) "**rights issue**" means an offer of equity securities (as defined by the Act) open for acceptance for a period fixed by the Board to holders of equity securities on the Register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached to them but subject to such exclusions or other arrangements as the Board may deem necessary or expedient with regard to treasury shares, fractional entitlements or legal or practical problems under the laws of any territory or under the requirements of any recognised regulatory body or stock exchange in any territory;

(b) "**prescribed period**" means any period (not exceeding five years on any occasion) for which the authority, in the case of Article 8.3, is conferred or renewed by ordinary or special resolution stating the Section 551 Amount and in the case of Article 8.4 is conferred or renewed by special resolution stating the Section 561 Amount;

(c) "**Section 551 Amount**" means for any prescribed period, the amount stated in the relevant ordinary or special resolution;

(d) "**Section 561 Amount**" means for any prescribed period, the amount stated in the relevant special resolution; and

(e) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or to convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

9. **Redeemable Shares**

Subject to the Companies Acts and to any rights attaching to existing shares, any share may be issued which can be redeemed or is liable to be redeemed at the option of the Company or the holder. The Board may determine the terms, conditions and manner of redemption of any redeemable shares which are issued. Such terms and conditions shall apply to the relevant shares as if the same were set out in these Articles.

10. **Shareholder Rights**

10.1 The Ordinary Shares shall rank pari passu as a single class. The Deferred Shares shall rank pari passu as a single class.

10.2 In the event of the liquidation, dissolution or winding up of the Company, the assets of the Company available for distribution to members shall be distributed amongst all holders of the Ordinary Shares in proportion to the number of shares held irrespective of the amount paid or credited as paid on any share.

10.3 Any:

(a) consolidation or merger of the Company with or into another entity or entities (whether or not the Company is the surviving entity) as a result of which the holders of the Company's outstanding shares possessing the voting power (under ordinary circumstances) to elect a majority of the Board immediately prior to such sale or issue cease to own the Company's outstanding shares possessing the voting power (under ordinary circumstances) to elect a majority of the Board;

(b) sale or transfer by the Company of all or substantially all of its assets (determined either for the Company alone or together with its subsidiaries on a consolidated basis); or

(c) sale, transfer or issuance or series of sales, transfers and/or issues of shares by the Company or the holders thereof, as a result of which the holders of the Company's outstanding shares possessing the voting power (under ordinary circumstances) to elect a majority of the Board immediately prior to such sale or issue cease to own the Company's outstanding shares possessing the voting power (under ordinary circumstances) to elect a majority of the Board,

shall be deemed to be a liquidation, dissolution and winding up of the Company for purposes of Article 10.2 (unless the Board determine otherwise), and the holders of the Ordinary Shares shall be entitled to receive from the Company the amounts payable with respect to the Ordinary Shares on a liquidation, dissolution or winding up of the Company under Article 10.2 in cancellation of their Ordinary Shares upon the completion of any such transaction.

10.4 At a general meeting of the Company and at any separate class meeting of the holders of Ordinary Shares, where a holder of Ordinary Shares is entitled to vote, such holder is entitled to one vote for each Ordinary Share held.

10.5 A holder of Ordinary Shares is entitled to receive notice of any general meeting of the Company (and notice of any separate class meeting of the holders of Ordinary Shares) and a copy of every report, accounts, circular or other document sent out by the Company to members.

10.6 Notwithstanding any other provision of these Articles, the special rights, privileges, restrictions and limitations attaching to the Deferred Shares are as follows:

(a) the Deferred Shares shall not be entitled to any dividends or to any other right of participation in the profits of the Company;

(b) on return of assets on liquidation, the Deferred Shares shall confer on the holders thereof an entitlement to receive out of the assets of the Company available for distribution amongst the members (subject to the rights of any new class of shares with preferred rights) the amount credited as paid up on the Deferred Shares held by them respectively after (but only after) payment shall have been made to the holders of the Ordinary Shares of the amounts paid up or credited as paid up on such shares and the sum of £1,000,000 in respect of each Ordinary Share held by them respectively. The Deferred Shares shall confer on the holders thereof no further right to participate in the assets of the Company;

(c) the Deferred Shares do not entitle the holder thereof to vote on any resolution or to receive notice of, attend any general meeting, or be part of the quorum thereof as the holders of the Deferred Shares;

(d) any reduction of capital involving the cancellation of the Deferred Shares for no consideration shall not be deemed to be a variation of the rights attaching to them nor a modification or abrogation of the rights or privileges attaching to the Deferred Shares and the Company shall be authorised at any time to reduce its capital (in accordance with the Act) without obtaining the consent of the holders of the Deferred Shares;

(e) any special rights conferred upon the holders of the Deferred Shares shall be deemed to not be modified, varied or abrogated by the creation or issue of further shares ranking pari passu with or in priority to the Deferred Shares;

(f) no transfer of any Deferred Shares shall be permitted save as provided in Article 10.6(g);

(g) the Company shall have irrevocable authority at any time to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to transfer the same, without making any payment to the holders thereof, or to such person as the Company may determine as custodian thereof and/or to cancel the same without making any payment to the holders thereof and/or acquire the same (in accordance with the provisions of the Act) without making any payment to or obtaining the sanction of the holders thereof;

(h) subject to the Act, the Company shall be entitled to purchase any Deferred Shares in issue at any time for no consideration; and

(i) the Company shall be entitled to cancel all or any of the Deferred Shares so acquired by the Company in accordance with the Act.

11. **Pari Passu Issues**

If new shares are created or issued which rank equally with any other existing shares, or the Company purchases any of its own shares, the rights of the existing shares will not be regarded as changed or abrogated unless the terms of the existing shares expressly say otherwise.

12. **Variation of Rights**

12.1 Subject to the Companies Acts, the rights attached to any class of shares can be varied or abrogated either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the authority of a special resolution passed at a separate meeting of the holders of the relevant class of shares known as a **class meeting**.

12.2 The provisions of this Article 12 will apply to any variation or abrogation of rights of shares forming part of a class. Each part of the class which is being treated differently is treated as a separate class in applying this Article 12.

12.3 All the provisions in these Articles as to general meetings shall apply, with any necessary modifications, to every class meeting except that the necessary quorum at every such meeting shall be not less than two persons present and between them holding or representing by proxy at least 33 ⅓ per cent in number of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) provided that where a person is present by proxy or proxies, they are treated as holding only the shares in respect of those proxies which are authorised to exercise voting rights.

12.4 The Board may convene a class meeting whenever it thinks fit and whether or not the business to be transacted involves a variation or abrogation of class rights.

13. **Payment of Commission**

The Company may in connection with the issue of any shares or the sale for cash of treasury shares exercise all powers of paying commission and brokerage conferred or permitted by the Companies Acts. Any such commission or brokerage may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or other securities or the grant of an option to call for an allotment of shares or any combination of such methods.

14. **Trusts Not Recognised**

Except as otherwise expressly provided by these Articles, required by law or as ordered by a court of competent jurisdiction, the Company shall not recognise any person as holding any share on any trust, and the Company shall not be bound by or required in any way to recognise (even when having notice of it) any equitable, contingent, future, partial or other claim to or interest in any share other than an absolute right of the holder of the whole of the share.

15. **Uncertificated Shares**

15.1 Under and subject to the uncertificated securities rules, the Board may permit title to shares of any class to be evidenced otherwise than by certificate and title to shares of such a class to be transferred by means of a relevant system and may make arrangements for a class of shares (if all shares of that class are in all respects identical) to become a participating class. Title to shares of a particular class may only be evidenced otherwise than by a certificate where that class of shares is at the relevant time a participating class. The Board may also, subject to compliance with the uncertificated securities rules, determine at any time that title to any class of shares may from a date specified by the Board no longer be evidenced otherwise than by a certificate or that title to such a class shall cease to be transferred by means of any particular relevant system.

15.2 In relation to a class of shares which is a participating class and for so long as it remains a participating class, no provision of these Articles shall apply or have effect to the extent that it is inconsistent in any respect with:

(a) the holding of shares of that class in uncertificated form;

(b) the transfer of title to shares of that class by means of a relevant system; or

(c) any provision of the uncertificated securities rules,

and, without prejudice to the generality of this Article 15.2, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with the maintenance, keeping or entering up by the Operator, so long as that is permitted or required by the uncertificated securities rules, of an Operator register of securities in respect of that class of shares in uncertificated form.

15.3 Ordinary Shares of a class which is at the relevant time a participating class may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject as provided in the uncertificated securities rules.

15.4 If, under these Articles or the Companies Acts, the Company is entitled to sell, transfer or otherwise dispose of, forfeit, re-allot, accept the surrender of or otherwise enforce a lien over an uncertificated share, then, subject to these Articles and the Companies Acts, such entitlement shall include the right of the Board to:

(a) require the holder of the uncertificated share by notice in writing to change that share from uncertificated to certificated form within such period as may be specified in the notice and keep it as a certificated share for as long as the Board requires;

(b) appoint any person to take such other steps, by instruction given by means of a relevant system or otherwise, in the name of the holder of such share as may be required to effect the transfer of such share and such steps shall be as effective as if they had been taken by the registered holder of that share; and

(c) take such other action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of that share or otherwise to enforce a lien in respect of that share.

15.5 Unless the Board determines otherwise, shares which a member holds in uncertificated form shall be treated as separate holdings from any shares which that member holds in certificated form but a class of shares shall not be treated as two classes simply because some shares of that class are held in certificated form and others in uncertificated form.

15.6 Unless the Board determines otherwise or the uncertificated securities rules require otherwise, any shares issued or created out of or in respect of any uncertificated shares shall be uncertificated shares and any shares issued or created out of or in respect of any certificated shares shall be certificated shares.

15.7 The Company shall be entitled to assume that the entries on any record of securities maintained by it in accordance with the uncertificated securities rules and regularly reconciled with the relevant Operator register of securities are a complete and accurate reproduction of the particulars entered in the Operator register of securities and shall accordingly not be liable in respect of any act or thing done or omitted to be done by or on behalf of the Company in reliance on such assumption. Any provision of these Articles which requires or envisages that action will be taken in reliance on information contained in the Register shall be construed to permit that action to be taken in reliance on information contained in any relevant record of securities (as so maintained and reconciled).

16. **Share Certificates**

16.1 Other than as provided in Article 16.6 below, every person (except a person to whom the Company is not by law required to issue a certificate) whose name is entered in the Register as a holder of any certificated shares shall be entitled, without charge, to receive within the time limits prescribed by the Companies Acts (unless the terms of issue prescribe otherwise) one certificate for all of the shares of that class registered in their name.

16.2 The Company shall not be bound to issue more than one certificate in respect of shares held jointly by two or more persons. Delivery of a certificate to the person first named in the Register shall be sufficient delivery to all joint holders.

16.3 Where a member has transferred part only of the shares comprised in a certificate, they shall be entitled without charge to a certificate for the balance of such shares to the extent that the balance is to be held in certificated form. Where a member receives more shares of any class, they shall be entitled without charge to a certificate for the extra shares of that class to the extent that the balance is to be held in certificated form.

16.4 A share certificate may be issued under Seal (by affixing the Seal to or printing (whether mechanically or electronically) the Seal or a representation of it on the certificate) or signed by at least two Directors or by at least one Director and the Secretary. Such certificate shall specify the number and class of the shares in respect of which it is issued and the amount or respective amounts paid up on it. The Board may by resolution decide, either generally or in any particular case or cases, that any signatures on any share certificates need not be autographic but may be applied to the certificates by some mechanical or other means or may be printed on them or that the certificates need not be signed by any **person**.

16.5 Every share certificate sent in accordance with these Articles will be sent at the risk of the member or other person entitled to the certificate. The Company will not be responsible for any share certificate lost or delayed in the course of delivery.

16.6 No share certificates shall be issued in respect of the Deferred Shares.

17. **Replacement Certificates**

17.1 Any two or more certificates representing shares of any one class held by any member may at their request be cancelled and a single new certificate for such shares issued in lieu without charge on surrender of the original certificates for cancellation.

17.2 Any certificate representing shares of any one class held by any member may at their request be cancelled and two or more certificates for such shares may be issued instead.

17.3 If a share certificate is defaced, worn out or said to be stolen, lost or destroyed, it may be replaced on such terms as to evidence and indemnity in respect of such share certificate only as the Board may decide and, where it is defaced or worn out, after delivery of the old certificate to the Company.

17.4 The Board may require the payment of any exceptional out-of-pocket expenses of the Company incurred in connection with the issue of any certificates under this Article 17. In the case of shares held jointly by several persons, any such request as is mentioned in this Article 17 may be made by any one of the joint holders.

18. **Lien on Shares not Fully Paid**

The Company shall have a first and paramount lien on every share, not being a fully paid share, for all amounts payable to the Company (whether presently or not) in respect of that share. The Company's lien over a share takes priority over any third party's interest in that share, and extends to any dividend or other money payable by the Company in respect of that share (and, if the lien is enforced and the share is sold by the Company, the proceeds of sale of that share). The Board may at any time, either generally or in any particular case, waive any lien that has arisen or declare any share to be wholly or in part exempt from the provisions of this Article 18.

19. **Enforcement of Lien by Sale**

The Company may sell, in such manner as the Board may decide, any share over which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after a notice has been served on the holder of the share or the person who is entitled by transmission to the share, demanding payment and stating that if the notice is not complied with the share may be sold. For giving effect to the sale, in the case of a certificated share, the Board may authorise some person to sign an instrument of transfer of the share sold to, or in accordance with the directions, of the buyer. In the case of an uncertificated share, the Board may require the Operator to convert the share into certificated form and after such conversion, authorise any person to sign the instrument of transfer of the share to effect the sale of the share. The buyer shall not be bound to see to the application of the purchase money, nor shall their title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.

20. **Application of Proceeds of Sale**

The net proceeds of any sale of shares subject to any lien, after payment of the costs, shall be applied:

(a) first, in or towards satisfaction of so much of the amount due to the Company or of the liability or engagement (as the case may be) as is presently payable or is liable to be presently fulfilled or discharged; and

(b) second, any residue shall be paid to the person who was entitled to the share at the time of the sale but only after the certificate for the shares sold has been surrendered to the company for cancellation, or an indemnity in a form reasonably satisfactory to the Directors has been given for any lost certificates, and subject to a like lien for debts or liabilities not presently payable as existed on the share prior to the sale.

21. **Calls**

21.1 Subject to these Articles and the terms on which the shares are allotted, the Board may from time to time make calls on the members in respect of any monies unpaid on their shares (whether in respect of nominal value or premium) and not payable on a date fixed by or in accordance with the terms of issue.

21.2 Each member shall (subject to the Company serving upon them at least 14 clear days' notice specifying when and where payment is to be made and whether or not by instalments) pay to the Company as required by the notice the amount called on for their shares.

21.3 A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.

21.4 A call may be revoked or postponed, in whole or in part, as the Board may decide.

21.5 Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which the call is required to be paid.

22. **Liability of Joint Holders**

The joint holders of a share shall be jointly and severally liable to pay all calls in respect of the share.

23. **Interest on Calls**

If a call remains unpaid after it has become due and payable, the person from whom it is due and payable shall pay all expenses that have been incurred by the Company by reason of such non-payment together with interest on the amount unpaid from the day it is due and payable to the time of actual payment at such rate (not exceeding the Bank of England base rate by more than five percentage points) as the Board may decide. The Board may waive payment of the interest or the expenses in whole or in part.

24. **Power to Differentiate**

On or before the issue of shares, the Board may decide that allottees or holders of shares can be called on to pay different amounts or that they can be called on at different times.

25. **Payment of Calls in Advance**

The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid on the shares held by them. Such payment in advance of calls shall, to the extent of the payment, extinguish the liability on the shares on which it is made. The Company may pay interest on the money paid in advance, or so much of it as exceeds the amount for the time being called upon the shares in respect of which such advance has been made, at such rate as the Board may decide. The Board may at any time repay the amount so advanced by giving at least three months' notice in writing to such member of its intention to do so, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced.

26. **Notice if Call or Instalment Not Paid**

If any member fails to pay the whole of any call (or any instalment of any call) by the date when payment is due, the Board may at any time give notice in writing to such member (or to any person entitled to the shares by transmission), requiring payment of the amount unpaid (and any accrued interest and any expenses incurred by the Company by reason of such non-payment) by a date not less than 14 clear days from the date of the notice. The notice shall name the place where the payment is to be made and state that, if the notice is not complied with, the shares in respect of which such call was made will be liable to be forfeited.

27. **Forfeiture for Non-Compliance**

If the notice referred to in Article 26 is not complied with, any share for which it was given may be forfeited, by resolution of the Board to that effect, at any time before the payment required by the notice has been made. Such forfeiture shall include all dividends declared or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

28. **Notice After Forfeiture**

When any share has been forfeited, notice of the forfeiture shall be served on the holder of the share or the person entitled to such share by transmission (as the case may be) before forfeiture. An entry of such notice having been given and of the forfeiture and the date of forfeiture shall immediately be made in the Register in respect of such share. However, no forfeiture shall be invalidated by any omission to give such notice or to make such entry in the Register.

29. **Forfeiture May Be Annulled**

The Board may annul the forfeiture of a share, at any time before any forfeited share has been cancelled or sold, re-allotted or otherwise disposed of, on the terms that payment shall be made of all calls and interest due on it and all expenses incurred in respect of the share and on such further terms (if any) as the Board shall see fit.

30. **Surrender**

The Board may accept the surrender of any share liable to be forfeited and, in any event, references in these Articles to forfeiture shall include surrender.

31. **Sale of Forfeited Shares**

31.1 A forfeited share shall become the property of the Company.

31.2 Subject to the Companies Acts, any such share may be sold, re-allotted or otherwise disposed of, on such terms and in such manner as the Board thinks fit.

31.3 The Board may, for the purposes of the disposal, authorise some person to transfer the share in question and may enter the name of the transferee in respect of the transferred share in the Register even if no share certificate is lodged and may issue a new certificate to the transferee. An instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of or the person entitled by transmission to, the share. The Company may receive the consideration (if any) given for the share on its disposal.

32. **Effect of Forfeiture**

A member whose shares have been forfeited shall cease to be a member in respect of such forfeited shares and shall surrender the certificate for such shares to the Company for cancellation. Such member shall remain liable to pay to the Company all sums which at the date of forfeiture were presently payable by them to the Company in respect of such shares with interest at a rate (not exceeding the Bank of England base rate by two percentage points) determined by the Board from the date of the forfeiture to the date of payment. The Directors may waive payment of interest wholly or in part and may enforce payment, without any reduction or allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

33. **Evidence of Forfeiture**

A statutory declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share. The declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share. The person to whom the share is transferred or sold shall not be bound to see to the application of the purchase money or other consideration (if any), nor shall their title to the share be affected by any act, omission or irregularity relating to or connected with the proceedings in reference to the forfeiture or disposal of the share.

34. **Form of Transfer**

34.1 Subject to these Articles:

(a) each member may transfer all or any of their shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. All instruments of transfer, when registered, may be retained by the Company; and

(b) each member may transfer all or any of their shares which are in uncertificated form by means of a relevant system in such manner provided for, and subject as provided in, the uncertificated securities rules. No provision of these Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the share to be transferred.

34.2 The transferor of a share shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the Register in respect of it.

35. **Right to Refuse Registration of Transfer**

35.1 The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:

(a) it is for a share which is fully paid up;

(b) it is for a share upon which the Company has no lien;

(c) it is only for one class of share;

(d) it is in favour of a single transferee or no more than four joint transferees;

(e) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty (in each case if this is required); and

(f) it is delivered for registration to the Office (or such other place as the Board may determine), accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by them or, if the transfer or renunciation is executed by some other person on their behalf, the authority of that person to do so.

35.2 The Board shall not refuse to register any transfer or renunciation of partly paid shares which are admitted to trading on Nasdaq, or for which certificated or uncertificated depositary instruments over such shares are admitted to, trading on Nasdaq on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

35.3 Transfers of shares will not be registered in the circumstances referred to in Article 74.

35.4 The Board may refuse to register a transfer of uncertificated shares in any circumstances that are allowed or required by the uncertificated securities rules and the relevant system.

36. **Notice of Refusal to Register a Transfer**

If the Board refuses to register a transfer of a share it shall notify the transferee of the refusal and the reasons for it within two months after the date on which the transfer was lodged with the Company or the instructions to the relevant system received. Any instrument of transfer which the Board refuses to register shall be returned to the person depositing it (except if there is suspected or actual fraud). All instruments of transfer which are registered may be retained by the Company.

37. **No Fees on Registration**

No fee shall be charged for registration of a transfer or other document or instruction relating to or affecting the title to any share or for making any other entry in the Register.

38. **Other Powers in Relation to Transfers**

Nothing in these Articles shall prevent the Board:

(a) from recognising a renunciation of the allotment of any share by the allottee in favour of another person; or

(b) (if empowered to do so by these Articles) from authorising any person to execute an instrument of transfer of a share and from authorising any person to transfer that share in accordance with any procedures implemented under Article 19.

39. **Transmission of Shares on Death**

If a member dies, the survivors or survivor (where they were a joint holder), and their executors or administrators (where they were a sole or the only survivor of joint holders), shall be the only persons recognised by the Company as having any title to their shares. Nothing in these Articles shall release the estate of a deceased member from any liability for any share which has been solely or jointly held by them.

40. **Election of Person Entitled By Transmission**

40.1 Any person becoming entitled to a share because of the death or bankruptcy of a member, or otherwise by operation of law, may (on such evidence as to their title being produced as the Board may require) elect either to become registered as a member or to have some person nominated by them registered as a member. If they elect to become registered themselves, they shall notify the Company to that effect. If they elect to have some other person registered, they shall execute an instrument of transfer of such share to that person. All the provisions of these Articles relating to the transfer of shares shall apply to the notice or instrument of transfer (as the case may be) as if it were an instrument of transfer executed by the member and their death, bankruptcy or other event had not occurred. Where the entitlement of a person to a share because of the death or bankruptcy of a member or otherwise by operation of law is proved to the satisfaction of the Board, the Board shall within 30 days after proof cause the entitlement of that person to be noted in the Register.

40.2 A person entitled by transmission to a share in uncertificated form who elects to have some other person registered shall either:

(a) procure that instructions are given by means of the relevant system to effect transfer of such uncertificated share to that person; or

(b) change the uncertificated share to certificated form and execute an instrument of transfer of that certificated share to that person.

41. **Rights on Transmission**

Where a person becomes entitled to a share because of the death or bankruptcy of any member, or otherwise by operation of law, the rights of the holder in relation to such share shall cease. However, the person so entitled may give a good discharge for any dividends and other monies payable in respect of it and shall have the same rights to which they would be entitled if they were the holder of the share, except that they shall not be entitled to receive notice of, or to attend or vote at, any meeting of the Company or any separate meeting of the holders of any class of shares of the Company before they are registered as the holder of the share. The Board may at any time give notice requiring any such person to elect either to be registered themself or to transfer the share. If the notice is not complied with within 30 days, the Board may withhold payment of all dividends and any other monies payable in respect of such share until the requirements of the notice have been complied with.

42. **Destruction of Documents**

42.1 The Company may destroy any:

(a) instrument of transfer, after six years from the date on which it is registered;

(b) dividend mandate or any variation or cancellation of a dividend mandate or any notification of change of name or address, after two years from the date on which it is recorded;

(c) share certificate, after one year from the date on which it is cancelled;

(d) instrument of proxy which has been used for the purpose of a poll at any time after one year has elapsed from the date of use;

(e) instrument of proxy which has not been used for the purpose of a poll at any time after a period of one month has elapsed from the end of the meeting to which the instrument of proxy relates;

(f) Share Warrant (including coupons or tokens detailed from it) which has been cancelled at any time after seven years from the date on which it was cancelled; or

(g) other document for which any entry in the Register is made, after six years from the date on which an entry was first made in the Register in respect of it,

provided that the Company may destroy any such type of document at a date earlier than that authorised by this Article 42.1 if a copy of such document is made and retained (whether electronically, by microfilm, by digital imaging or by other similar means) until the expiration of the period applicable to the destruction of the original of such document.

42.2 It shall be conclusively presumed in favour of the Company that every:

(a) entry in the Register purporting to have been made on the basis of a document so destroyed was duly and properly made;

(b) instrument of transfer so destroyed was duly registered;

(c) share certificate so destroyed was duly cancelled; and

(d) other document so destroyed had been properly dealt with under its terms and was valid and effective according to the particulars in the records of the Company.

42.3 This Article 42 shall only apply to the destruction of a document in good faith and without notice of any claim (regardless of the parties to it) to which the document might be relevant. Nothing in this Article 42 shall be construed as imposing any liability on the Company in respect of the destruction of any such document other than as provided for in this Article 42 which would not attach to the Company in the absence of this Article 42. References in this Article 42 to the destruction of any document include references to the disposal of it in any manner.

42.4 References in this Article 42 to instruments of transfer shall include, in relation to uncertificated shares, instructions and/or notifications made in accordance with the relevant system relating to the transfer of such shares.

43. **Sub-Division**

Any resolution authorising the Company to sub-divide its shares or any of them may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restriction as compared with the others.

44. **Fractions**

If any shares are consolidated or consolidated and then divided, the Board has power to deal with any fractions of shares which result. If the Board decides to sell any shares representing fractions, it can do so for the best price reasonably obtainable and distribute the net proceeds of sale among members in proportion to their fractional entitlements. The Board can arrange for any shares representing fractions to be entered in the Register as certificated shares if they consider that this makes it easier to sell them. The Board can sell those shares to anyone, including the Company if the legislation allows, and may authorise any person to transfer or deliver the shares to the buyer or in accordance with the buyer's instructions. The buyer shall not be bound to see to the application of the purchase money, nor shall their title to the share(s) be affected by any irregularity or invalidity in the proceedings in reference to the sale.

45. **Annual General Meetings**

An annual general meeting shall be held once a year, at such time and places (including electronic platforms) as may be determined by the Board in accordance with the requirements of the Companies Acts.

46. **Convening of General Meetings**

All meetings other than annual general meetings shall be called general meetings. The Board may, whenever it thinks fit, and shall on requisition in accordance with the Companies Acts, proceed to convene a general meeting which may be held as a physical general meeting or an electronic general meeting.

47. **Notice of General Meetings**

A general meeting shall be called by at least such minimum notice as is required or permitted by the Companies Acts. The period of notice shall in either case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given to all members other than those who are not entitled to receive such notices from the Company. The Company may give such notice by any means or combination of means permitted by the Companies Acts.

48. **Contents of Notice of Meetings**

48.1 Subject to the provisions of the Companies Acts, every notice calling a meeting shall include all information required to be included by the Act, applicable securities laws, including US securities laws, the Nasdaq Rules or the rules of any other stock exchange or quotation system on which any shares of the Company (and/or depositary instruments over such shares) are then listed or quoted and, further, shall specify:

(a) whether the meeting shall be a physical and/or electronic general meeting;

(b) for physical general meetings, the time, date and place of the meeting (including without limitation any satellite meeting place arranged for the purposes of Article 60, which shall be identified as such in the notice);

(c) for electronic general meetings, the time, date and electronic platform for the meeting, which electronic platforms may vary from time to time and from meeting to meeting as the Board, in its sole discretion, sees fit; and

(d) with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to a proxy or (if they have more than one share) proxies to exercise all or any of their rights to attend, speak and vote and that a proxy need not be a member of the Company. Such notice shall also include the address of the website on which the information required by the Act is published, state the procedures with which members must comply in order to be able to attend and vote at the meeting (including the date by which they must comply), provide details of any forms to be used for the appointment of a proxy and state that a member has the right to ask questions at the meeting in accordance with the Act.

48.2 The notice shall specify the general nature of the business to be transacted at the meeting and shall set out the text of all resolutions to be considered by the meeting and shall state in each case whether it is proposed as an ordinary resolution or as a special resolution.

48.3 In the case of an annual general meeting, the notice shall also specify the meeting as such.

48.4 For the purposes of determining which persons are entitled to attend or vote at a meeting and how many votes a person may cast, the Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting (not taking into account non-working days) by which a person must be entered in the Register in order to have the right to attend or vote at the meeting or appoint a proxy to do so.

49. **Omission to Give Notice and Non-Receipt of Notice**

The accidental omission to give notice of any meeting or to send an instrument of proxy (where this is intended to be sent out with the notice) to or the non-receipt of either by, any person entitled to receive the same shall not invalidate the proceedings of that meeting.

50. **Postponement of General Meeting**

If the Board considers that it is impracticable or unreasonable to hold the physical general meeting at the declared place (or any of the declared places, in the case of a meeting to which Article 60 applies) and/or the electronic general meeting on the electronic platform specified in the notice on the date or at the time stated in the notice calling the meeting, it may change the place (or any of the places, in the case of a meeting to which Article 60 applies) or electronic platform and/or postpone the time and/or date at which the meeting is to be held (or do both). The Board shall take reasonable steps to ensure that notice of the date, time and place of, or electronic platform for, the rearranged meeting is given to any member trying to attend the meeting at the original time and place or on the original electronic platform. Notice of the date, time and place of, or electronic platform for, the rearranged meeting shall, if practicable, also be placed in at least two national newspapers published in the United Kingdom. Notice of the business to be transacted at such rearranged meeting shall not be required. If a meeting is rearranged in accordance with this Article 50, appointments of proxy will be valid if they are received as required by these Articles not less than 48 hours before the time appointed for holding the rearranged meeting and for the purpose of calculating this period, the Board can decide in their absolute discretion, not to take account of any part of a day that is not a working day. The Board may also postpone or move the rearranged meeting (or do both) under this Article 50.

51. **Quorum at General Meeting**

No business shall be transacted at any general meeting unless a quorum is present. If a quorum is not present a chairman of the meeting can still be chosen and this will not be treated as part of the business of the meeting. One or more qualifying persons present at a meeting and between them holding (or being the proxy or corporate representative of the holders of) at least 33 ⅓ per cent in number of the issued shares (excluding any shares held as treasury shares) entitled to attend and vote on the business to be transacted shall constitute a quorum.

For the purposes of this Article 51:

(a) a **"qualifying person"** is an individual who is a member, a person authorised to act as the representative of a member (being a corporation) in relation to the meeting or a person appointed as proxy of a member in relation to the meeting; and

(b) where a qualifying person is present as proxy of a member in relation to the meeting, they are treated as holding only the shares in respect of which they are authorised to exercise voting rights.

52. **Procedure if Quorum Not Present**

If a quorum is not present within 15 minutes (or such longer interval as the chairman in their absolute discretion thinks fit) from the time appointed for holding a general meeting, or if a quorum ceases to be present during a meeting, the meeting shall be dissolved if convened on the requisition of members. In any other case, the meeting shall stand adjourned to another day, (not being less than ten clear days after the date of the original meeting), and at such time and place or electronic platform as the chairman (or, in default, the Board) may determine. If at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the meeting shall be dissolved.

53. **Chairman of General Meeting**

53.1 The chairman of the Board shall preside at every general meeting of the Company. If there is no such chairman or if at any meeting they shall not be present within five minutes after the time appointed for holding the meeting, or shall be unwilling to act as chairman, the deputy chairman (if any) of the Board shall, if present and willing to act, preside at such meeting. If more than one deputy chairman is present they shall agree amongst themselves who is to take the chair or, if they cannot agree, the deputy chairman who has been in office as a director the longest shall take the chair.

53.2 If no chairman or deputy chairman shall be so present and willing to act, the Directors present shall choose one of their number to act or, if there be only one Director present, they shall be chairman if willing to act. If there be no Director present and willing to act, the members present and entitled to vote shall choose one of their number to be chairman of the meeting. Nothing in these Articles shall restrict or exclude any of the powers or rights of a chairman of a meeting which are given by law.

54. **Entitlement to Attend and Speak**

A Director (and any other person invited by the chairman to do so) may attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company, whether or not they are a member.

55. **Adjournments**

The chairman may, with the consent of a meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn any meeting from time to time (or indefinitely) and from place to place (which place may include electronic platforms) as the meeting shall determine. However, without prejudice to any other power which they may have under these Articles or at common law, the chairman may, without the need for the consent of the meeting, interrupt or adjourn any meeting from time to time and from place to place (which place may include electronic platforms) for an indefinite period if they are of the opinion that it has become necessary to do so in order to secure the proper and orderly conduct of the meeting or to give all persons entitled to do so a reasonable opportunity of attending, speaking and voting at the meeting or to ensure that the business of the meeting is properly disposed of.

56. **Notice of Adjournment**

If the meeting is adjourned indefinitely or for more than three months, notice of the adjourned meeting shall be given in the same manner as in the case of the original meeting. Except as provided in these Articles, there is no need to give notice of the adjourned meeting or of the business to be considered there.

57. **Business of Adjourned Meeting**

No business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting from which the adjournment took place.

58. Security Arrangements and Orderly Conduct

58.1 The Board at any physical general meeting may direct that any person wishing to attend any meeting should provide such evidence of identity and submit to such searches or other security arrangements or restrictions as the Board shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to refuse entry to any meeting to any person who fails to provide such evidence of identity or to submit to such searches or to otherwise comply with such security arrangements or restrictions.

58.2 The chairman at any physical general meeting shall take such action or give directions as they think fit to promote the orderly conduct of the business of the meeting as laid down in the notice of the meeting and to ensure the security of the meeting and the safety of the people attending the meeting. The chairman's decision on matters of procedure or arising incidentally from the business of the meeting shall be final as shall be their determination as to whether any matter is of such a nature.

58.3 The Board and, at any electronic general meeting, the chairman may make any arrangement and impose any requirement or restriction as is:

(a) necessary to ensure the identification of those taking part and the security of the electronic communication; and

(b) proportionate to those objectives.

In this respect, the Company is able to authorise any voting application, system or facility for electronic general meetings as it sees fit.

59. Other Arrangements for Viewing and Hearing Proceedings at Physical General Meetings

59.1 The Board may, in accordance with this Article 59, make arrangements for members and proxies who are entitled to attend and participate in a general meeting, but who cannot be seated in the main meeting room where the chairman will be, to attend and take part in a general meeting in an overflow room or rooms. Any overflow room will have appropriate links to the main room and will enable audio-visual communication between the meeting rooms throughout the meeting. The Board will decide how to divide members and proxies between the main room and the overflow room. If an overflow room is used, the meeting will be treated as being held and taking place in the main meeting room and the meeting will consist of all the members and proxies who are attending both in the main meeting room and the overflow room.

59.2 Details of any arrangements for overflow rooms will be set out in the notice of the meeting but failure to do so will not invalidate the meeting.

59.3 The Board may make arrangements for members and proxies who are entitled to attend and participate in a general meeting or an adjourned general meeting, to be able to view and hear the proceedings of the general meeting or adjourned general meeting and to speak at the meeting (whether by use of microphones, loudspeakers, audio-visual communications

equipment or otherwise) by attending at a venue anywhere in the world not being a satellite meeting place. If the general meeting is only held as a physical meeting and not also as an electronic meeting, those attending at any such venue shall not be regarded as present at the general meeting or adjourned general meeting and shall not be entitled to vote at the general meeting at or from that venue. The inability for any reason of any member present in person or by proxy at such a venue to view or hear all or any of the proceedings of the physical general meeting or to speak at the meeting shall not in any way affect the validity of the proceedings of the general meeting.

60. **Satellite Meeting Places**

60.1 To facilitate the organisation and administration of any general meeting, the Board may decide that the meeting shall be held at two or more locations.

60.2 For the purposes of these Articles, any general meeting of the Company taking place at two or more locations shall be treated as taking place where the chairman of the meeting presides (the **principal meeting place**) and any other location where that meeting takes place is referred in these Articles as a **satellite meeting**.

60.3 A member present in person or by proxy at a satellite meeting may be counted in the quorum and may exercise all rights that they would have been able to exercise if they were present at the principal meeting place.

60.4 The Board may make and change from time to time such arrangements as they shall in their absolute discretion consider appropriate to:

(a) ensure that all members and proxies for members wishing to attend the meeting can do so;

(b) ensure that all persons attending the meeting are able to participate in the business of the meeting and to hear anyone else addressing the meeting (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) in the principal meeting place and any satellite meeting place, and be heard by all other persons so present in the same way;

(c) ensure the safety of persons attending the meeting and the orderly conduct of the meeting; and

(d) restrict the numbers of members and proxies at any one location to such number as can safely and conveniently be accommodated there (including without limitation the issue of tickets or the imposition of some other means of selection).

60.5 The entitlement of any member or proxy to attend a satellite meeting shall be subject to any such arrangements then in force and stated by the notice of the meeting or adjourned meeting to apply to the meeting.

60.6 If there is a failure of communication equipment or any other failure in the arrangements for participation in the meeting at more than one place, the chairman may adjourn the meeting in accordance with Article 55. Such adjournment will not affect the validity of such meeting, or any business conducted at such meeting up to the point of adjournment, or any action taken pursuant to such meeting.

60.7 A person (**satellite chairman**) appointed by the Board shall preside at each satellite meeting. Every satellite chairman shall carry out all requests made of them by the chairman of the meeting, may take such action as they think necessary to maintain the proper and orderly conduct of the satellite meeting and shall have all powers necessary or desirable for such purposes.

61. **Electronic General Meetings**

61.1 Without prejudice to Article 60, the Board may resolve to enable persons entitled to attend a general meeting hosted on an electronic platform (such meeting being an **electronic general meeting**) to do so by simultaneous attendance by electronic means with no member necessarily in physical attendance at the electronic general meeting. The members or their proxies present shall be counted in the quorum for, and entitled to vote at, the general meeting in question, and that meeting shall be duly constituted and its proceedings valid if the chairman of the meeting is satisfied that adequate facilities are available throughout the electronic general meeting to ensure that members attending the electronic general meeting who are not present together at the same place may, by electronic means, attend, speak and vote at it.

61.2 If there is a failure of communication equipment, electronic platform, facilities, security or any other failure in the arrangements for participation in the electronic general meeting, the chairman may, without the consent of the meeting, interrupt or adjourn the meeting in accordance with Article 55. Such adjournment will not affect the validity of such meeting, or any business conducted at such meeting up to the point of adjournment, or any action taken pursuant to such meeting.

61.3 If, at any electronic general meeting, any document is required to be on display or to be available for inspection at that meeting (whether prior to or for the duration of the meeting or both), the Company shall ensure that it is available in electronic form to persons entitled to inspect it for at least the required period of time, and this will be deemed to satisfy any such requirements.

61.4 Nothing in these Articles prevents a general meeting being held both physically and electronically.

62. **Meaning of Participate**

62.1 For the purposes of Articles 50, 59 and 60 in relation to physical general meetings, the right of a member to participate in the business of any general meeting shall include without limitation the right to speak, , vote on a show of hands, vote on a poll, be represented by a proxy and have access to all documents which are required by the Companies Acts or these Articles to be made available at the meeting.

62.2 For the purposes of Articles 50, 59 and 61 in relation to electronic general meetings, the right of a member to participate in the business of any general meetings shall include without limitation the right to speak, vote on a poll, be represented by a proxy and have access (including electronic access) to all documents which are required by the Companies Acts or these Articles to be made available at the meeting.

63. **Amendment to Resolutions**

63.1 If an amendment to any resolution under consideration is proposed but is ruled out of order by the chairman of the meeting in good faith, any error in such ruling shall not invalidate the proceedings on the original resolution.

63.2 In the case of a resolution duly proposed as a special resolution, no amendment to it (other than an amendment to correct a patent error) may in any event be considered or voted on. In the case of a resolution duly proposed as an ordinary resolution no amendment to it (other than an amendment to correct a patent error) may be considered or voted on unless either at least 48 hours prior to the time appointed for holding the meeting or adjourned meeting at which such ordinary resolution is to be proposed, notice in writing of the terms of the amendment and intention to move the same has been lodged at the Office or received in electronic form at the electronic address at which the Company has or is deemed to have agreed to receive it or the chairman of the meeting in their absolute discretion decides that it may be considered or voted on.

64. **Members' Resolutions**

64.1 Members of the Company shall have the rights provided by the Companies Acts to have the Company circulate and give notice of a resolution which may be properly moved, and is intended to be moved, at the Company's next annual general meeting.

64.2 Expenses of complying with these rights shall be borne in accordance with the Companies Acts.

65. **Method of Voting**

65.1 At any general meeting a resolution put to a vote of the meeting shall be decided on a show of hands, unless (before or on the declaration of the result of the show of hands) a poll is duly demanded. Subject to the Companies Acts, a poll may be demanded by:

(a) the chairman of the meeting; or

(b) at least two members present in person (or by proxy) and entitled to vote at the meeting; or

(c) a member or members present in person (or by proxy) representing at least one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(d) a member or members present in person (or by proxy) holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to at least one-tenth of the total sum paid up on all the shares conferring that right.

65.2 If so determined by the chairman of the meeting, resolutions put to the members at electronic general meetings may be voted on by a poll, which poll votes may be cast by such electronic means as the board in its sole discretion deems appropriate for the purposes of the meeting.

65.3 The chairman of the meeting may also demand a poll before a resolution is put to the vote on a show of hands.

65.4 At general meetings, resolutions shall be put to the vote by the chairman of the meeting and there shall be no requirement for the resolution to be proposed or seconded by any person.

65.5 Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried, or carried unanimously or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the book containing the minutes of proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

66. **Objection to Error in Voting**

No objection shall be raised to the qualification of any voter or to the counting of, or failure to count, any vote, except at the meeting or adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same is of sufficient magnitude to vitiate the resolution or may otherwise have affected the decision of the meeting. The decision of the chairman of the meeting on such matters shall be final and conclusive.

67. **Procedure on a Poll**

67.1 Any poll duly demanded on the election of a chairman or on any question of adjournment shall be taken immediately. A poll duly demanded on any other matter shall be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place or electronic platform, not more than 30 days from the date of the meeting or adjourned meeting at which the poll was demanded, as the chairman shall direct. The chairman may appoint scrutineers who need not be members. It is not necessary to give notice of a poll not taken immediately if the time and place at, or electronic platform on, which it is to be taken are announced at the meeting at which it is demanded. In any other case, at least seven clear days' notice shall be given specifying the time, date and place at, or electronic platform on, which the poll shall be taken. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

67.2 The demand for a poll (other than on the election of a chairman or any question of adjournment) shall not prevent the continuance of the meeting for the transaction of any business other than the question on which a poll has been demanded.

67.3 The demand for a poll may, before the poll is taken, be withdrawn, but only with the consent of the chairman of the meeting. A demand so withdrawn validates the result of a show of hands declared before the demand was made. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

67.4 On a poll votes may be given in person or by proxy. A member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

68. **Votes of Members**

68.1 Subject to Article 68.2, the Companies Acts, to any special terms as to voting on which any shares may have been issued or may for the time being be held and to any suspension or abrogation of voting rights under these Articles, at any general meeting every member who is present in person (or by proxy) shall on a show of hands have one vote and every member present in person (or by proxy) shall on a poll have one vote for each share of which they are the holder.

68.2 On a show of hands, a duly appointed proxy has one vote for and one vote against a resolution if the proxy has been appointed by more than one member entitled to vote on the resolution and the proxy has been instructed:

(a) by one or more of those members to vote for the resolution and by one or more other of those members to vote against it; or

(b) by one or more of those members to vote either for or against the resolution and by one or more other of those members to use his/her discretion as to how to vote.

68.3 If two or more persons are joint holders of a share, then in voting on any question the vote of the most senior joint holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority shall be determined by the order in which the names of the holders stand in the Register.

68.4 Where in England or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Board may in its absolute discretion, upon or subject to production of such evidence of the appointment as the Board may require, permit such receiver or other person on behalf of such member to vote in person, on a show of hands or on a poll, by proxy on behalf of such member at any general meeting or to exercise any other right conferred by membership in relation to meetings of the Company. Evidence to the satisfaction of the Board of the authority of the person claiming to exercise the right to vote shall be deposited at the Office, or at such other place as is specified in accordance with these Articles for the deposit of instruments of proxy, at least 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and, in default, the right to vote shall not be exercisable.

68.5 In the case of equality of votes whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall not be entitled to a casting vote.

69. **No Right to Vote Where Sums Overdue on Shares**

No member may vote at a general meeting (or any separate meeting of the holders of any class of shares), either in person or by proxy, or to exercise any other right or privilege as a member in respect of a share held by them unless:

(a) all calls or other sums presently due and payable by them in respect of that share whether alone or jointly with any other person together with interest and expenses (if any) have been paid to the Company; or

(b) the Board determines otherwise.

70. **Voting by Proxy**

70.1 Subject to Article 70.2, an instrument appointing a proxy shall be in writing in any usual form (or in another form approved by the Board) executed under the hand of the appointer or their duly constituted attorney or, if the appointer is a corporation, under its seal or signed by a duly authorised officer or attorney or other person authorised to sign.

70.2 Subject to the Companies Acts, the Board may accept the appointment of a proxy received by electronic means on such terms and subject to such conditions as it considers fit. The appointment of a proxy received by electronic means shall not be subject to the requirements of Article 70.1.

70.3 For the purposes of Articles 70.1 and 70.2, the Board may require such reasonable evidence it considers necessary to determine:

(a) the identity of the member and the proxy; and

(b) where the proxy is appointed by a person acting on behalf of the member, the authority of that person to make the appointment.

70.4 A member may appoint another person as their proxy to exercise all or any of their rights to attend and to speak and to vote (both on a show of hands and on a poll) on a resolution or amendment of a resolution, or on other business arising, at a meeting or meetings of the Company. Unless the contrary is stated in it, the appointment of a proxy shall be deemed to confer authority to exercise all such rights, as the proxy thinks fit.

70.5 A proxy need not be a member.

70.6 A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to different shares held by the member. When two or more valid but differing appointments of proxy are delivered or received for the same share for use at the same meeting, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that share.

70.7 Delivery or receipt of an appointment of proxy does not prevent a member attending and voting in person at the meeting or an adjournment of the meeting or on a poll.

70.8 The appointment of a proxy shall (unless the contrary is stated in it) be valid for an adjournment of the meeting as well as for the meeting or meetings to which it relates. The appointment of a proxy shall be valid for 12 months from the date of execution or, in the case of an appointment of proxy delivered by electronic means, for 12 months from the date of delivery unless otherwise specified by the Board.

70.9 Subject to the Companies Acts, the Company may send a form of appointment of proxy to all or none of the persons entitled to receive notice of and to vote at a meeting. If sent, the form shall provide for three-way voting on all resolutions (other than procedural resolutions) set out in the notice of meeting.

71. **Receipt of Proxy**

71.1 An instrument appointing a proxy and any reasonable evidence required by the Board in accordance with Article 70.3 shall:

(a) subject to Articles 71.1(c) and (d), in the case of an instrument of proxy in hard copy form, delivered to the Office, or another place in the United Kingdom specified in the notice convening the meeting or in the form of appointment of proxy or other accompanying document sent by the Company in relation to the meeting (a **proxy notification address**) not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote or by such later time as is specified in the notice or instrument;

(b) subject to Articles 71.1(c) and (d), in the case of an appointment of a proxy sent by electronic means, where the Company has given an electronic address (a proxy notification electronic address):

(i) in the notice calling the meeting;

(ii) in an instrument of proxy sent out by or on behalf of the Company in relation to the meeting;

(iii) in an invitation to appoint a proxy issued by or on behalf of the Company in relation to the meeting; or

(iv) on a website maintained by or on behalf of the Company on which any information relating to the meeting is required by the Act to be kept,

it shall be received at such proxy notification electronic address not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote or by such later time as is specified in any of the methods of notice in Articles 71.1(b)(i) to 71.1(b)(iv) above;

(c) in the case of a poll taken more than 48 hours after it is demanded, delivered or received at a proxy notification address or a proxy notification electronic address and not less than 24 hours before the time appointed for the holding of the adjourned meeting or the taking of the poll; or

(d) in the case of a poll which is not taken at the meeting at which it is demanded but is taken 48 hours or less after it is demanded, or in the case of an adjourned meeting to be held 48 hours or less after the time fixed for holding the original meeting, received:

(i) at a proxy notification address or a proxy notification electronic address in accordance with Articles 71.1(a) or (b);

(ii) by the chairman of the meeting or the secretary or any director at the meeting at which the poll is demanded or, as the case may be, at the original meeting; or

(iii) at a proxy notification address or a proxy notification electronic address by such time as the chairman of the meeting may direct at the meeting at which the poll is demanded.

In calculating the periods in this Article, no account shall be taken of any part of a day that is not a working day.

71.2 The Board may decide, either generally or in any particular case, to treat a proxy appointment as valid notwithstanding that the appointment or any of the information required under Article 70.3 has not been received in accordance with the requirements of this Article.

71.3 Subject to Article 71.2, if the proxy appointment and any of the information required under Article 70.3 is not received in the manner set out in Article 71.1, the appointee shall not be entitled to vote in respect of the shares in question.

71.4 Without limiting the foregoing, in relation to any uncertificated shares, the Board may from time to time:

(a) permit appointments of a proxy by means of a communication sent in electronic form in the form of an uncertificated proxy instruction; and

(b) permit supplements to, or amendments or revocations of, any such uncertificated proxy instruction by the same means.

The Board may in addition prescribe the method of determining the time at which any such uncertificated proxy instruction is to be treated as received by the Company or a participant acting on its behalf. The Board may treat any such uncertificated proxy instruction which purports to be or is expressed to be sent on behalf of a holder of a share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that holder.

72. **Revocation of Proxy**

A vote given or poll demanded by a proxy shall be valid in the event of the death or mental disorder of the principal or the revocation of the instrument of proxy, or of the authority under which the instrument of proxy was executed, or the transfer of the share for which the instrument of proxy is given, unless notice in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the Office, or at such other place as has been appointed for the deposit of instruments of proxy, no later than the last time at which an appointment of a proxy should have been received in order for it to be valid for use at the meeting or on the holding of the poll at which the vote was given or the poll taken.

73. **Corporate Representatives**

73.1 A corporation (whether or not a company within the meaning of the Act) which is a member may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative (or, as the case may be, representatives) at any meeting of the Company or at any separate meeting of the holders of any class of shares.

73.2 Any person so authorised shall be entitled to exercise the same powers on behalf of the corporation (in respect of that part of the corporation's holdings to which the authority relates) as the corporation could exercise if it were an individual member.

73.3 The corporation shall for the purposes of these Articles be deemed to be present in person and at any such meeting if a person so authorised is present at it, and all references to attendance and voting in person shall be construed accordingly.

73.4 A Director, the Secretary or some person authorised for the purpose by the Secretary may require the representative to produce a certified copy of the resolution so authorising them or such other evidence of their authority reasonably satisfactory to them before permitting them to exercise their powers.

73.5 A vote given or a poll demanded by a corporate representative shall be valid notwithstanding that they are no longer authorised to represent the member unless notice of the revocation of appointment was delivered in writing to the Company at such place or address and by such time as is specified in Article 72 for the revocation of the appointment of a proxy.

74. **Failure to Disclose Interests in Shares**

74.1 If a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice under section 793 of the Act (**section 793 notice**) and has failed in relation to any shares (**default shares,** which expression includes any shares issued after the date of such notice in right of those shares) to give the Company the information required by the section 793 notice within the prescribed period from the service of the notice, the following sanctions shall apply unless the Board determines otherwise:

(a) the member shall not be entitled in respect of the default shares to be present or to vote (either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and

(b) where the default shares represent at least 0.25% in nominal value of the issued shares of their class (calculated exclusive of any shares held as treasury shares):

(i) any dividend or other money payable for such shares shall be withheld by the Company, which shall not have any obligation to pay interest on it, and the member shall not be entitled to elect, pursuant to Article 132, to receive shares instead of that dividend; and

(ii) no transfer, other than an excepted transfer, of any shares held by the member shall be registered unless the member themself is not in default of supplying the required information and the member proves to the satisfaction of the Board that no person in default of supplying such information is interested in any of the shares that are the subject of the transfer.

For the purposes of ensuring Article 74.1(b)(ii) can apply to all shares held by the member, the Company may in accordance with the uncertificated securities rules, issue a written notification to the Operator requiring conversion into certificated form of any share held by the member in uncertificated form.

74.2 Where the sanctions under Article 74.1 apply in relation to any shares, they shall cease to have effect (and any dividends withheld under Article 74.1(b) shall become payable):

(a) if the shares are transferred by means of an excepted transfer but only in respect of the shares transferred; or

(b) at the end of the period of seven days (or such shorter period as the Board may determine) following receipt by the Company of the information required by the section 793 notice and the Board being fully satisfied that such information is full and complete.

74.3 Where, on the basis of information obtained from a member in respect of any share held by them, the Company issues a section 793 notice to any other person, it shall at the same time send a copy of the notice to the member, but the accidental omission to do so, or the non-receipt by the member of the copy, shall not invalidate or otherwise affect the application of Article 74.1.

74.4 For the purposes of this Article 74:

(a) a person, other than the member holding a share, shall be treated as appearing to be interested in that share if the member has informed the Company that the person is, or may be, so interested, or if the Company (after taking account of any information obtained from the member or, pursuant to a section 793 notice, from anyone else) knows or has reasonable cause to believe that the person is, or may be, so interested;

(b) **interested** shall be construed as it is for the purpose of section 793 of the Act;

(c) reference to a person having failed to give the Company the information required by a notice, or being in default as regards supplying such information, includes reference:

(i) to them having failed or refused to give all of any part of it; and

(ii) to them having given information which they know to be false in a material particular or having recklessly given information which is false in a material particular;

(d) **prescribed period** means 14 days;

(e) **excepted transfer** means, in relation to any shares held by a member:

(i) a transfer by way of or pursuant to acceptance of a takeover offer for the Company (within the meaning of section 974 of the Act); or

(ii) a transfer in consequence of a sale made through a recognised investment exchange (as defined in section 285 of the FSMA) or any other stock exchange outside the United Kingdom on which the Company's shares or depositary instruments representing such shares are normally traded; or

(iii) a transfer which is shown to the satisfaction of the Board to be made in consequence of a sale of the whole of the beneficial interest in the shares to a person who is unconnected with the member and with any other person appearing to be interested in the shares.

74.5 Nothing contained in this Article 74 shall be taken to limit the powers of the Company under section 794 of the Act.

75. **Power of Sale of Shares of Untraced Members**

75.1 The Company shall be entitled to sell at the best price reasonably obtainable any share of a member, or any share to which a person is entitled by transmission, if and provided that:

(a) during the period of 12 years before the date of sending of the notice referred to in Article 75.1(b) no cheque, order or warrant in respect of such share sent by the Company through the post in a pre-paid envelope addressed to the member or to the person entitled by transmission to the share, at their address on the Register or other last known address given by the member or person to which cheques, orders or warrants in respect of such share are to be sent has been cashed and the Company has received no communications in respect of such share from such member or person entitled, provided that during such period of 12 years the Company has paid at least three cash dividends (whether interim or final) and no such dividend has been claimed by the person entitled to it;

(b) on or after expiry of the said period of 12 years, the Company has given notice of its intention to sell such share by sending a notice to the member or person entitled by transmission to the share at their address on the Register or other last known address given by the member or person entitled by transmission to the share and before sending such a notice to the member or other person entitled by transmission, the Company must have used reasonable efforts to trace the member or other person entitled, engaging, if considered appropriate, a professional asset reunification company or other tracing agent and/or giving notice of its intention to sell the share by advertisement in a national newspaper and in a newspaper circulating in the area of the address of the member or person entitled by transmission to the share shown in the Register;

(c) during the further period of three months following the date of such notice and prior to the exercise of the power of sale the Company has not received any communication in respect of such share from the member or person entitled by transmission; and

(d) the Company has given notice to Nasdaq of its intention to make such sale, if shares of the class concerned, or certificated or uncertificated depositary instruments over such shares, are listed on Nasdaq or dealt in on any other recognised stock exchange on which the shares are listed.

75.2 To give effect to any sale of shares under this Article 75, the Board may authorise some person to transfer the shares in question and may enter the name of the transferee in respect of the transferred shares in the Register even if no share certificate has been lodged for such shares and may issue a new certificate to the transferee. An instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of or the person entitled by transmission to, the shares. The buyer shall not be bound to see to the application of the purchase monies, nor shall their title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale. If the shares are in uncertificated form, in accordance with the uncertificated securities rules, the Board may issue a written notification to the Operator requiring the conversion of the share to certificated form.

75.3 If during the period of 12 years referred to in Article 75.1, or during any period ending on the date when all the requirements of Articles 75.1(a) to 75.1(d) have been satisfied, any additional shares have been issued in respect of those held at the beginning of, or previously so issued during, any such period and all the requirements of Articles 75.1(b) to 75.1(d) have been satisfied in regard to such additional shares, the Company shall also be entitled to sell the additional shares.

76. **Application of Proceeds of Sale of Shares of Untraced Members**

The Company shall account to the member or other person entitled to the share for the net proceeds of a sale under Article 75 by carrying all monies relating to such sale to a separate account. The Company shall be deemed to be a debtor to, and not a trustee for, such member or other person in respect of such monies. Monies carried to such separate account may either be employed in the business of the Company or invested in such investments as the Board may think fit. No interest shall be payable to such member or other person in respect of such monies and the Company does not have to account for any money earned on them.

77. **Number of Directors**

Unless otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall be at least two but shall not be subject to any maximum number.

78. **Power of Company to Appoint Directors**

Subject to these Articles and the Companies Acts, the Company may by ordinary resolution appoint a person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Board but the total number of Directors shall not exceed any maximum number fixed in accordance with these Articles.

79. **Power of Board to Appoint Directors**

79.1 Subject to these Articles, the Board shall have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board but the total number of Directors shall not exceed any maximum number fixed in accordance with these Articles.

79.2 A Director so appointed shall hold office only until:

(a) the next annual general meeting following their appointment, when they shall retire, but shall then be eligible for re-election and a Director so retiring shall not be taken into account in determining the number of Directors to retire by rotation at such meeting in accordance with Article 81; or

(b) his earlier resignation or removal in accordance with these Articles.

80. **Eligibility of New Directors**

80.1 No person, other than a retiring Director (by rotation or otherwise), shall be appointed or re-appointed a Director at any general meeting unless:

(a) they are recommended by the Board; or

(b) at least seven but not more than 42 clear days before the date appointed for the meeting the Company has received notice from a member (other than the person proposed) entitled to vote at the meeting of their intention to propose a resolution for the appointment or re-appointment of that person, stating the particulars which would, if they were so appointed or re-appointed, be required to be included in the Company's register of Directors and a notice executed by that person of their willingness to be appointed or re-appointed, is lodged at the Office.

80.2 A Director need not be a member of the Company.

81. **Classes and Retirement of Directors**

81.1 Following the Listing, the Directors shall be divided into three classes designated as "**Class I**", "**Class II**" and "**Class III**", respectively. The Board is authorised to assign (i) members of the Board already in office such classes at the time the classification becomes effective and (ii) members of the Board who are appointed following the Listing, such classes at the time of such appointment.

81.2 At the first annual general meeting of the Company following the Listing, each Director in Class I shall retire from office but shall be eligible for re-appointment by ordinary resolution at such annual general meeting and, in each case, where such Director is so re-appointed, they shall be entitled to serve until the third anniversary of such annual general meeting of the Company, at which stage such Director shall retire from office but shall be eligible for further re-appointment.

81.3 At the second annual general meeting of the Company following the Listing, each Director in Class II shall retire from office but shall be eligible for re-appointment by ordinary resolution at such annual general meeting and, in each case, where such Director is so re-appointed, they shall be entitled to serve until the third anniversary of such annual general meeting of the Company, at which stage such Director shall retire from office but shall be eligible for further re-appointment.

81.4 At the third annual general meeting of the Company following the Listing, each Director in Class III shall retire from office but shall be eligible for re-appointment by ordinary resolution at such annual general meeting and, in each case, where such Director is so re-appointed, they shall be entitled to serve until the third anniversary of such annual general meeting of the Company, at which stage such Director shall retire from office but shall be eligible for further re-appointment.

81.5 At each succeeding annual general meeting of the Company following the third annual general meeting of the Company after the Listing, Directors shall be elected to serve for a term of three years to succeed the Directors of the class whose terms expire at such annual general meeting.

81.6 Notwithstanding the foregoing provisions, each Director shall serve until their successor is duly elected and qualified or until their earlier death, resignation or removal.

82. **Deemed Re-Appointment**

82.1 A Director who retires at an annual general meeting shall (unless they are removed from office or their office is vacated in accordance with these Articles) retain office until the close of the meeting at which they retire or (if earlier) when a resolution is passed at that meeting not to fill the vacancy or to elect another person in their place or the resolution to re-appoint them is put to the meeting and lost.

82.2 If the Company, at any meeting at which a Director retires in accordance with these Articles does not fill the office vacated by such Director, the retiring Director, if willing to act, shall be deemed to be re-appointed unless at that meeting a resolution is passed not to fill the vacancy or elect another person in their place or unless the resolution to re-appoint them is put to the meeting and lost.

83. **Procedure if Insufficient Directors Appointed**

83.1 If:

(a) at the annual general meeting in any year any resolution or resolutions for the appointment or re-appointment of the persons eligible for appointment or re-appointment as Directors are put to the meeting and lost; and

(b) at the end of that meeting the number of Directors is fewer than any minimum number of Directors required under Article 77,

all retiring Directors who stood for re-appointment at that meeting (**Retiring Directors**) shall be deemed to have been re-appointed as Directors and shall remain in office but the Retiring Directors may only act for the purpose of filling vacancies, convening general meetings of the Company and performing such duties as are essential to maintain the Company as a going concern, and not for any other purpose.

83.2 The Retiring Directors shall convene a general meeting as soon as reasonably practicable following the meeting referred to in Article 83.1 and they shall retire from office at that meeting. If at the end of any meeting convened under this Article 83.2 the number of Directors is fewer than any minimum number of Directors required under Article 77, the provisions of this Article 83.2 shall also apply to that meeting.

84. **Removal of Directors**

In addition to any power of removal conferred by the Companies Acts, the Company may by special resolution, or by ordinary resolution of which special notice has been given in accordance with section 312 of the Act, remove a Director before the expiry of their period of office (without prejudice to a claim for damages for breach of contract or otherwise) and may (subject to these Articles) by ordinary resolution appoint another person who is willing to act to be a Director in their place.

85. **Vacation of Office by Director**

85.1 Without prejudice to the provisions for retirement (by rotation or otherwise) contained in these Articles, the office of a Director shall be vacated if:

(a) the Director resigns by notice in writing delivered to the Secretary at the Office or at an address specified by the Company for the purposes of communication by electronic means or tendered at a Board meeting;

(b) the Director offers to resign by notice in writing delivered to the Secretary at the Office or at an address specified by the Company for the purposes of communication by electronic means or tendered at a Board meeting and the Board resolves to accept such offer;

(c) the Director is requested to resign by all of the other Directors by notice in writing addressed to them at their address as shown in the register of Directors (without prejudice to any claim for damages which they may have for breach of any contract between themselves and the Company);

(d) the Director ceases to be a Director by virtue of any provision of the Companies Acts, is removed from office pursuant to these Articles or the Act or becomes prohibited by law or by the rules of any applicable stock exchange from being a Director;

(e) the Director becomes bankrupt or makes an arrangement or composition with their creditors generally;

(f) a registered medical practitioner who is treating that Director gives a written opinion to the Company stating that that Director has become physically or mentally incapable of acting as a Director and may remain so for more than three months, or they are or have been suffering from mental or physical ill health and the Board resolves that their office be vacated; or

(g) the Director is absent (whether or not their alternate Director appointed by them attends), without the permission of the Board, from Board meetings for six consecutive months and a notice is served on them personally, or at their residential address provided to the Company under section 165 of the Act signed by all the other Directors stating that they shall cease to be a Director with immediate effect (and such notice may consist of several copies each signed by one or more Directors).

85.2 If the office of a Director is vacated for any reason, they shall cease to be a member of any committee or sub-committee of the Board.

86. **Resolution as to Vacancy Conclusive**

A resolution of the Board declaring a Director to have vacated office under the terms of Article 85 shall be conclusive as to the fact and ground of vacation stated in the resolution.

87. **Appointment of Alternate Directors**

87.1 Each Director may appoint any person (including another Director) to be their alternate and may at their discretion remove an alternate Director so appointed. Any appointment or removal of an alternate Director must be by written notice delivered to the Office or at an address specified by the Company for the purposes of communication by electronic means or tendered at a Board meeting or in any other manner approved by the Board. The appointment requires the approval of the Board unless it has been previously approved or the appointee is another Director.

87.2 An alternate Director must provide the particulars, and sign any form for public filing required by the Companies Acts relating to their appointment.

88. **Alternate Directors' Participation in Board Meetings**

88.1 Every alternate Director is (subject to them giving to the Company an address within the United Kingdom at which notices may be served on them (and, if applicable, an address in relation to which electronic communications may be received by them)) entitled to receive notice of all meetings of the Board and all committees of the Board of which their appointor is a member and, in their appointor's absence, to attend and vote at such meetings and to exercise all the powers, rights, duties and authorities of their appointor. Each person acting as an alternate Director shall have a separate vote at Board meetings for each Director for whom they act as alternate Director in addition to their own vote if they are also a Director, but they shall count as only one for the purpose of determining whether a quorum is present.

88.2 Signature by an alternate Director of any resolution in writing of the Board or a committee of the Board will, unless the notice of their appointment provides otherwise, be as effective as signature by their appointor.

89. **Alternate Directors Responsible for Own Acts**

Each person acting as an alternate Director will be an officer of the Company, will alone be responsible to the Company for their own acts and defaults and will not be deemed to be the agent of the Director appointing them.

90. **Interests of Alternate Director**

An alternate Director is entitled to contract and be interested in and benefit from contracts or arrangements with the Company, to be repaid expenses and to be indemnified to the same extent as if they were a Director. However, they are not entitled to receive from the Company any fees for their services as alternate, except such part (if any) of the fee payable to their appointor as such appointor may by written notice to the Company direct.

91. **Revocation of Alternate Director**

An alternate Director will cease to be an alternate Director:

(a) if their appointor revokes their appointment; or

(b) if they resign their office by notice in writing to the Company; or

(c) if their appointor ceases for any reason to be a Director, provided that if any Director retires but is re-appointed or deemed to be re-appointed at the same meeting, any valid appointment of an alternate Director which was in force immediately before their retirement shall remain in force; or

(d) if any event happens in relation to them which, if they were a Director otherwise appointed, would cause them to vacate their office.

92. **Arrangements with Non-Executive Directors**

Subject to the provisions of the Act, the Board may enter into, vary and terminate an agreement or arrangement with any Director who does not hold executive office for the provision of his services to the Company. Any such agreement or arrangement may be made on such terms as the Board determines (including as to fees), provided that the terms of any such agreement comply with the requirements of Nasdaq (including the Nasdaq Rules) and applicable law. Any fees payable under this Article 92 shall be distinct from any salary, remuneration or other amounts payable to a Director under any other provisions of these Articles and shall accrue from day to day.

93. **Expenses**

Each Director may be paid their reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Director, including any expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the holders of any class of shares or debentures of the Company. Subject to the Act, the Directors shall have the power to make arrangements to provide a Director with funds to meet expenditure incurred or to be incurred by them for the purposes of the Company or for the purpose of enabling them to perform their duties as an officer of the Company or to enable them to avoid incurring any such expenditure.

94. **Additional Remuneration**

If by arrangement with the Board any Director shall perform or render any special duties or services outside their ordinary duties as a Director and not in their capacity as a holder of employment or executive office, they may be paid such reasonable additional remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine.

95. **Remuneration of Executive Directors**

The salary or remuneration of any Director appointed to hold any employment or executive office in accordance with these Articles may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Board, and may be in addition to or instead of any fee payable to them for their services as Director under these Articles.

96. **Pensions and Other Benefits**

96.1 The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for any person who is or has at any time been a Director or employee of:

(a) the Company;

(b) any company which is or was a holding company or a subsidiary undertaking of the Company;

(c) any company which is or was allied to or associated with the Company or a subsidiary undertaking or holding company of the Company; or

(d) a predecessor in business of the Company or of any holding company or subsidiary undertaking of the Company,

and, in each case, for any member of their family (including a spouse or former spouse) and any person who is or was dependent on them.

96.2 The Board may establish, maintain, subscribe and contribute to any scheme, institution, association, club, trust or fund and pay premiums and, subject to the Companies Acts, lend money or make payments to, guarantee or give an indemnity in respect of, or give any financial or other assistance in connection with any of the matters set out in Article 96.1 above. The Board may procure any of such matters to be done by the Company either alone or in conjunction with any other person. Any Director or former Director shall be entitled to receive and retain for their own benefit any pension or other benefit provided under this Article 96.2 and shall not have to account for it to the Company. The receipt of any such benefit will not disqualify any person from being or becoming a Director of the Company.

97. **Powers of the Board**

97.1 Subject to the Companies Acts, these Articles and to any directions given by special resolution of the Company, the business of the Company will be managed by the Board, which may exercise all the powers of the Company, whether relating to the management of the business or not.

97.2 No alteration of these Articles and no such direction given by the Company shall invalidate any prior act of the Board which would have been valid if such alteration had not been made or such direction had not been given. Provisions contained elsewhere in these Articles as to any specific power of the Board shall not be deemed to limit the general powers given by this Article 97.

98. **Powers of Directors if Less Than Minimum Number**

If the number of Directors is less than the minimum prescribed in Article 77 or decided by the Company by ordinary resolution, the remaining Director or Directors may act only for the purposes of appointing an additional Director or Directors to make up that minimum or convening a general meeting of the Company for the purpose of making such appointment. If no Director or Directors is or are able or willing to act, a general meeting may be convened in accordance with these Articles for the purpose of appointing Directors. An additional Director appointed in this way holds office (subject to these Articles) only until the dissolution of the next annual general meeting after their appointment unless they are reappointed during the annual general meeting.

99. **Powers of Executive Directors**

The Board or any committee authorised by the Board may:

(a) delegate or entrust to and confer on any Director holding executive office (including a chief executive or managing director, if appointed) such of its powers, authorities and discretions (with power to sub-delegate) for such time, on such terms and subject to such conditions as it thinks fit; and

(b) revoke, withdraw, alter or vary all or any of such powers.

100. **Delegation to Committees**

100.1 The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) for such time on such terms and subject to such conditions as it thinks fit to any committee consisting of one or more Directors and (if thought fit) one or more other persons provided that:

(a) a majority of the members of a committee shall be Directors; and

(b) no resolution of a committee shall be effective unless a majority of those present when it is passed are Directors or alternate Directors.

100.2 The Board may confer such powers either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Board in that respect and may revoke, withdraw, alter or vary any such powers and discharge any such committee in whole or in part. Insofar as any power, authority or discretion is so delegated, any reference in these Articles to the exercise by the Board of such power, authority or discretion shall be construed as if it were a reference to the exercise of such power, authority or discretion by such committee.

101. **Local Management**

101.1 The Board may establish any local or divisional boards or agencies for managing any of the affairs of the Company in any specified locality, either in the United Kingdom or elsewhere, and appoint any persons to be members of such local or divisional board, or any managers or agents, and may fix their remuneration.

101.2 The Board may delegate to any local or divisional board, manager or agent so appointed any of its powers, authorities and discretions (with power to sub-delegate) and may authorise the members of any such local or divisional board, or any of them, to fill any vacancies and to act notwithstanding vacancies. Any such appointment or delegation under this Article 101 may be made, on such terms and conditions as the Board may think fit. The Board may confer such powers either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Board in that respect and may revoke, withdraw, alter or vary all or any of such powers.

101.3 Subject to any terms and conditions expressly imposed by the Board, the proceedings of any local or divisional board or agency with two or more members shall be governed by such of these Articles as regulate the proceedings of the Board, so far as they are capable of applying.

102. **Board Meetings**

102.1 The Board can decide when and where to have meetings and how they will be conducted. They may also adjourn meetings.

102.2 A Board meeting can be called by any Director. The Secretary must call a Board meeting if asked to do so by a Director.

103. **Notice of Board Meetings**

103.1 Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to them personally or by word of mouth or given in writing or by electronic means to them at their last known address or any other address given by them to the Company for that purpose.

103.2 A Director may waive the requirement that notice be given to them of any Board meeting, either prospectively or retrospectively and any retrospective waiver shall not affect the validity of the meeting or of any business conducted at the meeting.

104. **Quorum**

104.1 The quorum necessary for the transaction of business may be determined by the Board (but shall be no less than two persons) and until otherwise determined shall be two persons, each being a Director or an alternate Director. A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers, and discretions for the time being vested in or exercisable by the Board.

104.2 If a Director ceases to be a Director at a Board meeting, they can continue to be present and to act as a Director and be counted in the quorum until the end of the meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

105. **Chairman**

105.1 The Board may appoint one or more of its body as chairman or joint chairman and one or more of its body as deputy chairman of its meetings and may determine the period for which they are to hold office and may at any time remove them from office.

105.2 If no such chairman or deputy chairman is elected, or if at any meeting neither a chairman nor a deputy chairman is present within ten minutes of the time appointed for holding the same, the Directors present shall choose one of their number to be chairman of such meeting. In the event two or more joint chairmen or, in the absence of a chairman, two or more deputy chairman being present, the joint chairman or deputy chairman to act as chairman of the meeting shall be decided by those Directors present.

106. **Voting**

Questions arising at any Board meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of that meeting shall have a second or casting vote (unless they are not entitled to vote on the resolution in question).

107. **Participation by Telephone or Other Form of Communication**

107.1 Any Director or their alternate may validly participate in a meeting of the Board or a committee of the Board through the medium of conference telephone or any other form of communications equipment (whether in use when these Articles are adopted or developed subsequently), provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting.

107.2 A person so participating by telephone or other communication shall be deemed to be present in person at the meeting and shall be counted in a quorum and entitled to vote. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no group which is larger than any other group, where the chairman of the meeting then is.

107.3 A resolution passed at any meeting held in the above manner, and signed by the chairman of the meeting, shall be as valid and effectual as if it had been passed at a meeting of the Board (or committee, as the case may be) duly convened and held.

108. **Resolution in Writing**

108.1 A resolution in writing signed or confirmed electronically by all the Directors for the time being entitled to receive notice of a Board meeting and to vote on the resolution and not being less than a quorum (or by all the members of a committee of the Board for the time being entitled to receive notice of such committee meeting and to vote on the resolution and not being less than a quorum of that committee), shall be as valid and effective for all purposes as a resolution duly passed at a meeting of the Board (or committee, as the case may be).

108.2 Such a resolution may consist of several documents or electronic communications in the same form each signed or authenticated by one or more of the Directors or members of the relevant committee.

109. **Proceedings of Committees**

All committees of the Board shall, in the exercise of the powers delegated to them and in the transaction of business, conform with any mode of proceedings and regulations which the Board may prescribe and subject to this shall be governed by such of these Articles as regulate the proceedings of the Board as are capable of applying.

110. **Minutes of Proceedings**

110.1 The Board shall keep minutes of all shareholder meetings, all Board meetings and meetings of committees of the Board. The minutes must include the names of the Directors present.

110.2 Any such minutes, if purporting to be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next meeting or the Secretary, shall be evidence of the matters stated in such minutes without any further proof.

111. **Validity of Proceedings**

All acts done by a meeting of the Board, or of a committee of the Board, or by any person acting as a Director, alternate Director or member of a committee shall be valid even if it is discovered afterwards that there was some defect in the appointment of any person or persons acting, or that they or any of them were or was disqualified from holding office or not entitled to vote, or had in any way vacated their office.

112. **Transactions or Other Arrangements With the Company**

112.1 Subject to the Companies Acts and provided they have declared the nature and extent of their interest in accordance with the requirements of the Companies Acts, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company may:

(a) be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

(b) act by themselves or through their firm in a professional capacity for the Company (otherwise than as auditor) and they shall be entitled to remuneration for professional services as if they were not a Director;

(c) be or become a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and

(d) hold any office or place of profit with the Company (except as auditor) in conjunction with their office of Director for such period and upon such terms, including as to remuneration as the Board may decide.

112.2 A Director shall not, save as they may otherwise agree, be accountable to the Company for any benefit which they derive from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of their duty under section 176 of the Act.

113. **Authorisation of Directors' Conflicts of Interest**

113.1 The Board may, in accordance with the requirements set out in this Article 113, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director (an **Interested Director**) breaching their duty under the Act to avoid conflicts of interest.

113.2 A Director seeking authorisation in respect of a conflict of interest shall declare to the Board the nature and extent of their interest in a conflict of interest as soon as is reasonably practicable. The Director shall provide the Board with such details of the matter as are necessary for the Board to decide how to address the conflict of interest together with such additional information as may be requested by the Board.

113.3 Any authorisation under this Article 113 will be effective only if:

(a) to the extent permitted by the Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles;

(b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director and any other interested Director; and

(c) the matter is agreed to without the Interested Director voting or would be agreed to if the Interested Director's and any other interested Director's vote is not counted.

113.4 Any authorisation of a conflict of interest under this Article 113 must be recorded in writing (but the authority shall be effective whether or not the terms are so recorded) and may (whether at the time of giving the authorisation or subsequently):

(a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;

(b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the Directors or otherwise) related to the conflict of interest;

(c) impose upon the Interested Director such other terms for the purposes of dealing with the conflict of interest as the Directors think fit;

(d) provide that, where the Interested Director obtains, or has obtained (through their involvement in the conflict of interest and otherwise than through their position as a Director) information that is confidential to a third party, they will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and

(e) permit the Interested Director to absent themselves from the discussion of matters relating to the conflict of interest at any meeting of the Directors and be excused from reviewing papers prepared by, or for, the Directors to the extent they relate to such matters.

113.5 Where the Directors authorise a conflict of interest, the Interested Director will be obliged to conduct themselves in accordance with any terms and conditions imposed by the Directors in relation to the conflict of interest.

113.6 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.

113.7 A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit which they derive from or in connection with a relationship involving a conflict of interest which has been authorised by the directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

113.8 A Director's receipt of any remuneration or other benefit referred to in Article 113.7 does not constitute an infringement of their duties under the Act.

113.9 A transaction or arrangement referred to in Article 113.7 is not liable to be avoided on the ground of any remuneration, benefit or interest referred to in that Article.

114. **Directors' Permitted Interests**

114.1 A Director cannot vote or be counted in the quorum on any resolution relating to any transaction or arrangement with the Company in which they have an interest and which may reasonably be regarded as likely to give rise to a conflict of interest but can vote (and be counted in the quorum) on the following:

(a) giving them any security, guarantee or indemnity for any money or any liability which they, or any other person, has lent or obligations they or any other person has undertaken at the request, or for the benefit, of the Company or any of its subsidiary undertakings;

(b) giving any security, guarantee or indemnity to any other person for a debt or obligation which is owed by the Company or any of its subsidiary undertakings, to that other person if the Director has taken responsibility for some or all of that debt or obligation. The Director can take this responsibility by giving a guarantee, indemnity or security;

(c) a proposal or contract relating to an offer of any shares or debentures or other securities for subscription or purchase by the Company or any of its subsidiary undertakings, if the Director takes part because they are a holder of shares, debentures or other securities, or if they take part in the underwriting or sub-underwriting of the offer;

(d) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which only gives them benefits which are also generally given to employees to whom the arrangement relates;

(e) any arrangement involving any other company if the Director (together with any person connected with the Director) has an interest of any kind in that company (including an interest by holding any position in that company or by being a shareholder of that company). This does not apply if they know that they have a Relevant Interest;

(f) a contract relating to insurance which the Company can buy or renew for the benefit of the Directors or a group of people which includes Directors; and

(g) a contract relating to a pension, superannuation or similar scheme or a retirement, death, disability benefits scheme or employees' share scheme which gives the Director benefits which are also generally given to the employees to whom the scheme relates.

114.2 A Director cannot vote or be counted in the quorum on a resolution relating to their own appointment or the settlement or variation of the terms of their appointment to an office or place of profit with the Company or any other company in which the Company has an interest.

114.3 Where the Directors are considering proposals about the appointment, or the settlement or variation of the terms or the termination of the appointment of two or more Directors to other offices or places of profit with the Company or any company in which the Company has an interest, a separate resolution may be put in relation to each Director and in that case each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution unless it concerns their own appointment or the settlement or variation of the terms or the termination of their own appointment or the appointment of another director to an office or place of profit with a company in which the Company has an interest and the Director seeking to vote or be counted in the quorum has a Relevant Interest in it.

114.4 A company shall be deemed to be one in which the Director has a **Relevant Interest** if and so long as (but only if and so long as) they are to their knowledge (either directly or indirectly) the holder of or beneficially interested in one per cent or more of any class of the equity share capital of that company (calculated exclusive of any shares of that class in that company held

as treasury shares) or of the voting rights available to members of that company. In relation to an alternate Director, an interest of their appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director has otherwise. Where a company in which a Director has a Relevant Interest is interested in a contract, they also shall be deemed interested in that contract.

114.5 If a question arises at a Board meeting about whether a Director (other than the chairman of the meeting) has an interest which is likely to give rise to a conflict of interest, or whether they can vote or be counted in the quorum, and the Director does not agree to abstain from voting on the issue or not to be counted in the quorum, the question must be referred to the chairman of the meeting. The chairman's ruling about the relevant Director is final and conclusive, unless the nature and extent of the Director's interests have not been fairly disclosed to the Directors. If the question arises about the chairman of the meeting, the question must be directed to the Directors. The chairman cannot vote on the question but can be counted in the quorum. The Directors' resolution about the chairman is final and conclusive, unless the nature and extent of the chairman's interests have not been fairly disclosed to the Directors.

115. **General**

115.1 For the purposes of Articles 112 to 114 inclusive (which shall apply equally to alternate Directors):

(a) An interest of a person who is connected (which word shall have the meaning given to it by section 252 of the Act) with a Director shall be treated as an interest of the Director.

(b) A contract includes references to any proposed contract and to any transaction or arrangement or proposed transaction or arrangement whether or not constituting a contract.

(c) A conflict of interest includes a conflict of interest and duty and a conflict of duties.

(d) Subject to the Companies Acts, the Company may by ordinary resolution suspend or relax the provisions of Articles 112 to 114 to any extent or ratify any contract not properly authorised by reason of a contravention of any of the provisions of Articles 112 to 114.

116. **Power of Attorney**

The Board may, by power of attorney or otherwise, appoint any person or persons to be the agent or attorney of the Company and may delegate to any such person or persons any of its powers, authorities and discretions (with power to sub-delegate), in each case for such purposes and for such time, on such terms (including as to remuneration) and conditions as it thinks fit. The Board may confer such powers either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Board in that respect and may revoke, withdraw, alter or vary any of such powers.

117. **Exercise of Voting Power**

The Board may exercise or cause to be exercised the voting power conferred by the shares in any other company held or owned by the Company, or any power of appointment to be exercised by the Company, in such manner as it thinks fit (including the exercise of the voting power or power of appointment in favour of the appointment of any Director as a director or other officer or employee of such company or in favour of the payment of remuneration to the directors, officers or employees of such company).

118. **Provision for Employees on Cessation of Business**

The Board may, by resolution, sanction the exercise of the power to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiary undertakings, in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or that subsidiary undertaking, but any such resolution shall not be sufficient for payments to or for the benefit of directors, former directors or shadow directors.

119. **Overseas Registers**

Subject to the Companies Acts, the Company may keep an overseas, local or other register and the Board may make and vary such regulations as it thinks fit respecting the keeping of any such register.

120. **Borrowing Powers**

Subject to these Articles and the Companies Acts, the Board may exercise all the powers of the Company to:

(a) borrow money;

(b) indemnify and guarantee;

(c) mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company;

(d) create and issue debentures and other securities; and

(e) give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

121. **Power to Authenticate Documents**

121.1 Any Director, the Secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolution passed by the Company or the Board or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies or extracts as true copies or extracts. Where any books, records, documents or accounts are not

at the Office, the local manager or other officer of the Company who has their custody shall be deemed to be a person appointed by the Board for this purpose. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or the Board or any committee which is so certified shall be conclusive evidence in favour of all persons dealing with the Company that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

122. **Use of Seals**

122.1 The Board shall provide for the safe custody of the Seal. A Seal shall not be used without the authority of the Board or of a committee of the Board so authorised.

122.2 Subject as otherwise provided in these Articles, every document which is sealed using the Seal must be signed by at least one authorised person in the presence of a witness who attests the signature. An authorised person for this purpose is any Director, the Secretary or any other person authorised by the Directors for the purpose of signing documents to which the Seal is applied.

122.3 The Seal shall be used only for sealing securities issued by the Company and documents creating or evidencing securities so issued. Any such securities or documents sealed with the Seal are not required to be signed unless the Board decides otherwise or the law otherwise requires.

122.4 The Board may decide who will sign an instrument to which a Seal is affixed (or in the case of a share certificate, on which the Seal may be printed or affixed by either mechanical or electronic means) either generally or in relation to a particular instrument or type of instrument and may also determine either generally or in a particular case that a signature may be dispensed with or affixed by mechanical means.

123. **Declaration of Dividends**

Subject to the Act and these Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.

124. **Interim Dividends**

Subject to the Act, the Board may declare and pay such interim dividends (including any dividend at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If the Board acts in good faith, it shall not incur any liability to the holders of shares for any loss that they may suffer by the lawful payment of any interim dividend on any other class of shares ranking with or after those shares.

125. **Calculation and Currency of Dividends**

Except as provided otherwise by these Articles or the rights attached to shares, all dividends:

(a) shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid;

(b) shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly; and

(c) may be declared or paid in any currency. The Board may decide the rate of exchange for any currency conversions that may be required and how any costs involved are to be met.

126. **Amounts Due on Shares can be Deducted from Dividends**

The Board may deduct from any dividend or other money payable to any person on or in respect of a share all such sums as may be due from them to the Company on account of calls or otherwise in relation to the shares of the Company. Sums so deducted can be used to pay amounts owing to the Company in respect of the shares.

127. **Dividends Not in Cash**

The Board may, by ordinary resolution of the Company direct, or in the case of an interim dividend may without the authority of an ordinary resolution direct, that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways. Where any difficulty arises regarding such distribution, the Board may settle it as it thinks fit. In particular, the Board may:

(a) issue fractional certificates (or ignore fractions);

(b) fix the value for distribution of such assets or any part of them and determine that cash payments may be made to any members on the footing of the values so fixed, in order to adjust the rights of members; and

(c) vest any such assets in trustees on trust for the person entitled to the dividend.

128. **No Interest on Dividends**

Unless otherwise provided by the rights attached to the share, no dividend or other monies payable by the Company or in respect of a share shall bear interest as against the Company.

129. **Method of Payment**

129.1 The Company may pay any dividend, interest or other sum payable in respect of a share in cash or by direct debit, bank transfer, cheque, dividend warrant, or money order or by any other method, including by electronic means, as the Board may consider appropriate. For uncertificated shares, any payment may be made by means of the relevant system (subject always to the facilities and requirements of the relevant system) and such payment may be made by the Company or any person on its behalf by sending an instruction to the operator of the relevant system to credit the cash memorandum account of the holder or joint holders of such shares or, if permitted by the Company, of such person as the holder or joint holders may in writing direct.

129.2 The Company may send such payment by post or other delivery service (or by such means offered by the Company as the member or person entitled to it may agree in writing) to the registered address of the member or person entitled to it (or, if two or more persons are holders of the share or are jointly entitled to it because of the death or bankruptcy of the member or otherwise by operation of law, to the registered address of such of those persons as is first named in the Register) or to such person and such address as such member or person may direct in writing.

129.3 Every cheque, warrant, order or other form of payment is sent at the risk of the person entitled to the money represented by it, shall be made payable to the person or persons entitled, or to such other person as the person or persons entitled may direct in writing. Payment of the cheque, warrant, order or other form of payment (including transmission of funds through a bank transfer or other funds transfer system or by such other electronic means as permitted by these Articles or in accordance with the facilities and requirements of the relevant system concerned) shall be good discharge to the Company. If any such cheque, warrant, order or other form of payment has or shall be alleged to have been lost, stolen or destroyed the Company shall not be responsible.

129.4 Any joint holder or other person jointly entitled to a share may give an effective receipt for any dividend or other monies payable in respect of such share.

129.5 The Board may, at its discretion, make provisions to enable any member as the Board shall determine to receive duly declared dividends in a currency or currencies other than sterling. For the purposes of the calculation of the amount receivable in respect of any dividend, the rate of exchange to be used to determine the foreign currency equivalent of any sum payable as a dividend shall be such rate or rates and the payment shall be on such terms and conditions as the Board may in its absolute discretion determine.

130. **Uncashed Dividends**

If cheques, warrants or orders for dividends or other sums payable in respect of a share sent by the Company to the person entitled to them are returned to the Company or left uncashed on two consecutive occasions or, following one occasion, reasonable enquiries have failed to establish any new address to be used for the purpose, the Company does not have to send any dividends or other monies payable in respect of that share due to that person until they notify the Company of an address to be used for the purpose. If any such cheque, warrant or order has or is alleged to have been lost, stolen or destroyed, the Directors may, on request of the person entitled to it, issue a replacement cheque, warrant or order.

131. **Unclaimed Dividends**

All dividends, interest or other sums payable and unclaimed for 12 months after having become payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. The Company shall not be a trustee in respect of such unclaimed dividends and will not be liable to pay interest on it. All dividends that remain unclaimed for 12 years after they were first declared or became due for payment shall (if the Board so resolves) be forfeited and shall cease to remain owing by the Company.

132. **Scrip Dividends**

Subject to the Act, the Board may, by ordinary resolution of the Company and subject to such terms and conditions as the Board may determine, offer to any holders of Ordinary Shares (excluding any member holding shares as treasury shares) the right to elect to be (or direct that another person, including a nominee, be) issued with Ordinary Shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution. The following provisions shall apply:

(a) the said resolution may specify a particular dividend, or may specify all or any dividends declared within a specified period or periods but such period may not end later than the fifth anniversary of the date of the meeting at which the ordinary resolution is passed;

(b) the entitlement of each holder of Ordinary Shares to new Ordinary Shares shall be such that the relevant value of the entitlement shall be as nearly as possible equal to (but not greater than) the cash amount (disregarding any tax credit) of the dividend that such holder would have received by way of dividend. For this purpose **relevant value** shall be calculated by reference to the average of the middle market quotations for the Ordinary Shares, certificated or uncertificated depositary instruments in respect of such shares, on Nasdaq (or any other publication of a recognised investment exchange showing quotations for the Ordinary Shares), for the day on which the Ordinary Shares are first quoted "ex" the relevant dividend and the four subsequent dealing days, or in such other manner as the Board may determine on such basis as it considers to be fair and reasonable. A certificate or report by the Company's auditors as to the amount of the relevant value in respect of any dividend shall be conclusive evidence of that amount;

(c) no fractions of a share shall be allotted. The Board may make such provisions as it thinks fit for any fractional entitlements including provisions where, in whole or in part, the benefit accrues to the Company and/or under which fractional entitlements are accrued and/or retained and in each case accumulated on behalf of any member and such accruals or retentions are applied to the allotment by way of bonus to or cash subscription on behalf of any member of fully paid Ordinary Shares and/or provisions where cash payments may be made to members in respect of their fractional entitlements;

(d) the Board shall, after determining the basis of allotment, notify the holders of Ordinary Shares in writing of the right of election offered to them, and specify the procedure to be followed and place at which, and the latest time by which, elections must be lodged in order to be effective. No such notice need to be given to holders of Ordinary Shares who have previously given election mandates in accordance with this Article 132(d) and whose mandates have not been revoked. The accidental omission to give notice of any right of election to, or the non-receipt (even if the Company becomes aware of such non-receipt) of any such notice by, any holder of Ordinary Shares entitled to the same shall neither invalidate any offer of an election nor give rise to any claim, suit or action;

(e) the Board shall not proceed with any election unless the company has sufficient reserves or funds that may be capitalised, and the Board has authority to allot sufficient shares, to give effect to it after the basis of the allotment is determined;

(f) the Board may exclude from any offer or make other arrangements in relation to any holders of Ordinary Shares where the Board considers that the making of the offer to them or in respect of such shares would or might involve the contravention of the laws of any territory or that for any other reason the offer should not be made to them or in respect of such shares;

(g) the Board may establish or vary a procedure for election mandates in respect of future rights of election and may determine that every duly effected election in respect of any Ordinary Shares shall be binding on every successor in title to the holder;

(h) the dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on Ordinary Shares in respect of which an election has been duly made ("**Elected Ordinary Shares"**) and instead additional Ordinary Shares shall be allotted to the holders of the Elected Ordinary Shares (or such person as they may direct) on the basis of allotment determined as stated above. For such purpose the Board may capitalise, out of any amount for the time being standing to the credit of any reserve or fund (including any share premium account or capital redemption reserve) or of any of the profits which could otherwise have been applied in paying dividends in cash as the Board may determine, a sum equal to the aggregate nominal amount of the additional Ordinary Shares to be allotted on such basis and apply it in paying up in full the appropriate number of unissued Ordinary Shares for allotment and distribution to the holders of the Elected Ordinary Shares on such basis. The Board may do all acts and things considered necessary or expedient to give effect to any such capitalisation;

(i) the Board may decide how any costs relating to the new shares available in place of a cash dividend will be met, including to deduct an amount from the entitlement of a holder of Ordinary Shares under this Article 132;

(j) the additional Ordinary Shares so allotted shall rank pari passu in all respects with each other (save as otherwise provided for in these Articles) and with the fully paid Ordinary Shares in issue on the record date for the dividend in respect of which the right of election has been offered, except that they will not rank for any dividend or other distribution or other entitlement which has been declared, paid or made by reference to such record date; and

(k) the Board may terminate, suspend, or amend any offer of the right to elect to be (or direct that another person, including a nominee, be) issued with Ordinary Shares in lieu of any cash dividend at any time and generally may implement any scrip dividend scheme on such terms and conditions as the Board may determine and take such other action as the Board may deem necessary or desirable in respect of any such scheme.

133. **Capitalisation of Reserves**

133.1 The Board may, with the authority of an ordinary resolution of the Company:

(a) subject as provided in this Article 133, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the Company which is available for distribution or standing to the credit of the share premium account or capital redemption reserve or other undistributable reserve;

(b) appropriate the sum resolved to be capitalised to the members in proportion to the nominal amounts of the shares (whether or not fully paid) held by them respectively which would entitle them to participate in a distribution of that sum if the shares were fully paid and the sum were then distributable and were distributed by way of dividend and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members or as they may direct, in those proportions, or partly in one way and partly in the other, provided that:

(i) the share premium account, the capital redemption reserve, any other undistributable reserve and any profits which are not available for distribution may, for the purposes of this Article 133, only be applied in paying up in full shares to be allotted to members credited as fully paid;

(ii) the Company will also be entitled to participate in the relevant distribution in relation to any shares of the relevant class held by it as treasury shares and the proportionate entitlement of the relevant class of members to the distribution will be calculated accordingly; and

(iii) in a case where any sum is applied in paying amounts for the time being unpaid on any shares of the Company or in paying up in full debentures of the Company, the amount of the net assets of the Company at that time is not less than the aggregate of the called up share capital of the Company and its undistributable reserves as shown in the latest audited accounts of the Company or such other accounts as may be relevant and would not be reduced below that aggregate by the payment of it;

(c) resolve that any shares so allotted to any member in respect of a holding by them of any partly paid shares shall, so long as such shares remain partly paid, rank for dividends only to the extent that such partly paid shares rank for dividends;

(d) make such provision by the issue of fractional certificates (or by ignoring fractions or by accruing the benefit of it to the Company rather than to the members concerned) or by payment in cash or otherwise as it thinks fit in the case of shares or debentures becoming distributable in fractions;

(e) authorise any person to enter on behalf of such members concerned into an agreement with the Company providing for either:

(i) the allotment to them respectively, credited as fully paid up, of any shares or debentures to which they may be entitled on such capitalisation; or

(ii) the payment up by the Company on behalf of such members by the application of their respective proportions of the reserves or profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares,

(any agreement made under such authority being effective and binding on all such members); and

(f) generally do all acts and things required to give effect to such resolution.

134. **Record Dates**

134.1 Notwithstanding any other provision of these Articles but without prejudice to the rights attached to any shares and subject always to the Act, the Company or the Board may by resolution specify any date (**record date**) as the date at the close of business (or such other time as the Board may determine) on which persons registered as the holders of shares or other securities shall be entitled to receipt of any dividend, distribution, interest, allotment, issue, notice, information, document or circular. Such record date may be before, on or after the date on which the dividend, distribution, interest, allotment, issue, notice, information, document or circular is declared, made, paid, given, or served.

134.2 In the absence of a record date being fixed, entitlement to any dividend, distribution, interest, allotment, issue, notice, information, document or circular shall be determined by reference to the date on which the dividend is declared, the distribution allotment or issue is made or the notice, information, document or circular made, given or served.

135. **Inspection of Records**

No member (other than a Director) shall have any right to inspect any accounting record or other document of the Company unless they are authorised to do so by law, by order of a court of competent jurisdiction, by the Board or by ordinary resolution of the Company.

136. **Accounts to be Sent to Members**

136.1 In respect of each financial year, a copy of the Company's annual accounts, the strategic report, the Directors' report, the Directors' remuneration report, the auditor's report on those accounts and on the auditable part of the Directors' remuneration report shall be sent or supplied to:

(a) every member (whether or not entitled to receive notices of general meetings);

(b) every holder of debentures (whether or not entitled to receive notice of general meetings); and

(c) every other person who is entitled to receive notice of general meetings;

not less than 21 clear days before the date of the meeting at which copies of those documents are to be laid in accordance with the Act.

136.2 This Article 136 does not require copies of the documents to which it applies to be sent or supplied to:

(a) a member or holder of debentures of whose address the Company is unaware; or

(b) more than one of the joint holders of shares or debentures.

136.3 The Board may determine that persons entitled to receive a copy of the Company's annual accounts, the strategic report, the Directors' report, the Directors' remuneration report, the auditor's report on those accounts and on the auditable part of the Directors' remuneration report are those persons entered on the Register at the close of business on a day determined by the Board, provided that the day determined by the Board may not be more than 21 days before the day that the relevant copies are being sent.

136.4 Where permitted by the Act, a strategic report with supplementary material in the form and containing the information prescribed by the Act may be sent or supplied to a person so electing in place of the documents required to be sent or supplied by Article 136.1.

137. **Service of Notices**

137.1 The Company can send, deliver or serve any notice or other document, including a share certificate, to or on a member:

(a) personally;

(b) by sending it through the postal system addressed to the member at their registered address or by leaving it at that address addressed to the member;

(c) through a relevant system, where the notice or document relates to uncertificated shares;

(d) where appropriate, by sending or supplying it in electronic form to an address notified by the member to the Company for that purpose;

(e) where appropriate, by making it available on a website and notifying the member of its availability in accordance with this Article 137; or

(f) by any other means authorised in writing by the member.

137.2 In the case of joint holders of a share:

(a) service, sending or supply of any notice, document or other information on or to one of the joint holders shall for all purposes be deemed a sufficient service on, sending or supplying to all the joint holders; and

(b) anything to be agreed or specified in relation to any notice, document or other information to be served on, sent or supplied to them may be agreed or specified by any one of the joint holders and the agreement or specification of the first named in the Register shall be accepted to the exclusion of that of the other joint holders.

137.3 Where a member (or, in the case of a joint holders, the person first named in the Register) has a registered address outside the United Kingdom but has (i) notified the Company of an address within the United Kingdom at which notices, documents or other information may be given to them or (ii) has given to the Company an address for the purposes of communications by electronic means at which notices, documents or other information may be served, sent or supplied to them, they shall be entitled to have notices served, sent or supplied to them at such address or, where applicable, the Company may make them available on a website and notify the holder of that address. Otherwise no such member shall be entitled to receive any notice, document or other information from the Company.

137.4 If on three consecutive occasions any notice, document or other information has been sent to any member at their registered address or their address for the service of notices (by electronic means or otherwise) but has been returned undelivered, such member shall not be entitled to receive notices, documents or other information from the Company until they have communicated with the Company and supplied in writing a new registered address or address within the United Kingdom for the service of notices or has informed the Company of an address for the service of notices and the sending or supply of documents and other information in electronic form. For these purposes, any notice, document or other information served, sent or supplied by post shall be treated as returned undelivered if the notice, document or other information is served, sent or supplied back to the Company (or its agents) and a notice, document or other information served, sent or supplied in electronic form shall be treated as returned undelivered if the Company (or its agents) receives notification that the notice, document or other information was not delivered to the address to which it was served, sent or supplied.

137.5 The Company may at any time and in its sole discretion choose to serve, send or supply notices, documents or other information in hard copy form alone to some or all of the members.

138. **Notice on Person Entitled By Transmission**

The Company may give notice to the person entitled to a share because of the death or bankruptcy of a member or otherwise by operation of law, by sending or delivering it in any manner authorised by these Articles for the giving of notice to a member, addressed to that person by name, or by the title of representative of the deceased or trustee of the bankrupt or representative by operation of law or by any like description, at the address (if any) within the United Kingdom supplied for the purpose by the person claimed to be so entitled or to which notices may be sent in electronic form. Until such an address has been so supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy or operation of law had not occurred.

139. **Record Date for Service**

Any notice, document or other information may be served, sent or supplied by the Company by reference to the register as it stands at any time not more than 15 days before the date of service, sending or supplying. No change in the register after that time shall invalidate that service, sending or supply. Where any notice, document or other information is served on, sent or supplied to any person in respect of a share in accordance with these Articles, no person deriving any title or interest in that share shall be entitled to any further service, sending or supplying of that notice, document or other information.

140. **Evidence of Service**

140.1 Any notice, document or other information, addressed to a member at their registered address or address for service in the United Kingdom shall, if served, sent or supplied by first class post, be deemed to have been served or delivered on the day after the day when it was put in the post (or, where second class post is employed, on the second day after the day when it was put in the post). Proof that an envelope containing the notice, document or other information was properly addressed and put into the post as a prepaid letter shall be conclusive evidence that the notice was given.

140.2 Any notice, document or other information not served, sent or supplied by post but delivered or left at a registered address or address for service in the United Kingdom (other than an address for the purposes of communications by electronic means) shall be deemed to have been served or delivered on the day on which it was so delivered or left.

140.3 Any notice, document or other information, if served, sent or supplied by electronic means shall be deemed to have been received on the day on which the electronic communication was sent by or on behalf of the Company notwithstanding that the Company subsequently sends a hard copy of such notice, document or other information by post. Any notice, document or other information made available on a website shall be deemed to have been received on the day on which the notice, document or other information was first made available on the website or, if later, when a notice of availability is received or deemed to have been received pursuant to this Article. Proof that the notice, document or other information was properly addressed shall be conclusive evidence that the notice by electronic means was given.

140.4 Any notice, document or other information served, sent or supplied by the Company by means of a relevant system shall be deemed to have been received when the Company or any sponsoring system-participant acting on its behalf sends the issuer-instruction relating to the notice, document or other information.

140.5 Any notice, document or other information served, sent or supplied by the Company by any other means authorised in writing by the member concerned shall be deemed to have been received when the Company has carried out the action it has been authorised to take for that purpose.

141. **Notice When Post not Available**

If at any time by reason of the suspension, interruption or curtailment of postal services within the United Kingdom the Company is unable effectively to convene a general meeting by notices sent through the post, the Company need only give notice of a general meeting to those members with whom the Company can communicate by electronic means and who have provided the Company with an address for this purpose. The Company shall also advertise the notice in at least one national newspaper published in the United Kingdom and make it available on its website from the date of such advertisement until the conclusion of the meeting or any adjournment of it. In any such case the Company shall send confirmatory copies of the notice by post to those members to whom notice cannot be given by electronic means if, at least seven days prior to the meeting, the posting of notices to addresses throughout the United Kingdom again becomes practicable.

142. **Winding Up**

142.1 If the Company is wound up and subject to the rights and restrictions attached to any share or classes of shares, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction(s), vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he, she or it may with the like sanction determine. Where the liquidator divides or transfers any assets in pursuance of the powers in this Article 142, no member shall be compelled to accept any assets upon which there is a liability.

143. **Indemnity and Insurance**

143.1 In this Article:

(a) companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate;

(b) a **relevant officer** means any Director or other officer or former director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the Company (or associated company) as auditor (whether or not they are also a director or other officer), to the extent they act in their capacity as auditor); and

(c) **relevant loss** means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company.

143.2 Subject to Article 143.4, but without prejudice to any indemnity to which a relevant officer is otherwise entitled, so far as may be permitted by the Act:

(a) each relevant officer shall be indemnified out of the Company's assets against all relevant loss and in relation to the Company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act), including any liability incurred by them in defending any civil or criminal proceedings, in which judgment is given in their favour or in which they are acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on their part or in connection with any application in which the court grants them, in their capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs; and

(b) the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by them in connection with any proceedings or application referred to in Article 143.2(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

143.3 This Article 142 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

143.4 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.

144. **Exclusive Jurisdiction**

144.1 Save in respect of any cause of action arising under the Securities Act or the Exchange Act, unless the Company by ordinary resolution consents to the selection of an alternative forum, the courts of England and Wales shall be the exclusive forum for the resolution of:

(a) any derivative action or proceeding brought on behalf of the Company;

(b) any action or proceeding asserting a claim of breach of fiduciary duty owed by any director, officer or other employee to the Company;

(c) any action or proceeding asserting a claim arising out of any provision of the Companies Acts or these Articles; or

(d) any action or proceeding asserting a claim or otherwise related to the affairs of the Company.

144.2 Unless the Company by ordinary resolution consents to the selection of an alternative forum in the United States, any United States District Court of competent jurisdiction shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act or the Exchange Act.

144.3 Any person or entity purchasing or otherwise acquiring any interest in the Company's shares shall be deemed to have notice of and consented to the provisions of this Article 144.

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "**Agreement**"), is made as of the 29 day of January, 2021, by and among United Medicines Biopharma Limited, a private company limited by shares incorporated in England with company number 12973576 and with its registered office at The Dorothy Hodgkin Building, Babraham Research Campus, Babraham, Cambridge, United Kingdom, CB22 3FH (the "**Company**"), and each of the investors listed on Schedule A hereto, each of which is referred to in this Agreement as an "**Investor**". Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Subscription Agreement (as defined below).

RECITALS

WHEREAS, the Company and the Investors are parties to a certain Subscription Agreement relating to the Company of even date herewith (the "**Subscription Agreement**"); and

WHEREAS, in order to induce the Company to enter into the Subscription Agreement and to induce the Investors to invest funds in the Company pursuant to the Subscription Agreement, the Investors and the Company hereby agree that this Agreement shall govern the rights of the Investors to cause the Company to register (i) the Ordinary Shares of the Company ("**Ordinary Shares**") underlying the A Preferred Shares to be issued pursuant to the Subscription Agreement and (ii) the other Ordinary Shares held by the Investors party hereto, and shall govern certain other matters as set forth in this Agreement;

NOW, THEREFORE, the parties hereby agree as follows:

1. Definitions. For purposes of this Agreement:

1.1 "**Affiliate**" means, in relation to a person, any corporation or other business entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such person or any venture capital fund or any other investment fund now or hereafter existing that is controlled by or under common control with one or more general partners or managing members of, or shares the same management or advisory company with, such person. For purposes of this definition, the term " **control**" (including, the correlative meanings, "**controlled by**" and "**under common control with**") means:

(a) the direct or indirect ownership of more than 50% of the stock having the right to vote for directors thereof (or general partnership interests); or

(b) the ability to otherwise control the decisions of the board of directors or equivalent governing body thereof or direct or cause the direction of the management and policies thereof.

1.2 "**Articles of Association**" means the Company's Articles of Association, as amended and/or restated from time to time.

1.3 "**Board of Directors**" means the board of directors of the Company.

1.4 "**Damages**" means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

1.5 "**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.6 "**Excluded Registration**" means (i) a registration relating to the sale or grant of securities to employees or consultants of the Company or a subsidiary pursuant to a share option, share purchase, equity incentive or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) 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 (iv) a registration in which the only Ordinary Shares being registered are Ordinary Shares issuable upon conversion of debt securities that are also being registered.

1.7 "**Form S- 1**" means such form under the Securities Act as in effect on the date hereof (or the foreign private issuer equivalent Form F-1) or any successor registration form under the Securities Act subsequently adopted by the SEC.

1.8 "**Form S- 3**" means such form under the Securities Act as in effect on the date hereof (or the foreign private issuer equivalent Form F-3) or any registration form under the Securities Act subsequently adopted by the SEC that permits forward incorporation of substantial information by reference to other documents filed by the Company with the SEC.

1.9 "**Holder**" means any holder of Registrable Securities who is a party to this Agreement.

1.10 "**Immediate Family Member**" means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, life partner or similar statutorily recognized domestic partner, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including, adoptive relationships, of a natural person referred to herein.

1.11 " **Initiating Holders**" means, collectively, Holders who properly initiate a registration request under this Agreement.

1.12 "**IPO**" means the Company's first underwritten public offering of its Ordinary Shares under the Securities Act.

1.13 "**Ordinary Shares**" shall have the meaning set forth in the Recitals.

1.14 "**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

1.15 "**Preferred Shares**" or "**A Preferred Shares**" means A preferred shares of £0.001 each in the capital of the Company from time to time.

1.16 "**Registrable Securities**" means (i) the Ordinary Shares issuable or issued upon conversion of the Preferred Shares; (ii) any Ordinary Shares, or any Ordinary Shares issued or issuable (directly or indirectly) upon conversion and/or exercise of any other securities of the Company, held by the Investors on the date hereof or acquired by the Investors after the date hereof; and (iii) any Ordinary Shares 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 clauses (i) and (ii) above; excluding in all cases, however, any Registrable Securities sold by a Person in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Subsection 3.1, and excluding for purposes of Section 2 any shares for which registration rights have terminated pursuant to Subsection 2.13 of this Agreement.

1.17 "**Registrable Securities then outstanding**" means the number of shares determined by adding the number of outstanding Ordinary Shares that are Registrable Securities and the number of Ordinary Shares issuable (directly or indirectly) that are Registrable Securities pursuant to then exercisable and/or convertible securities.

1.18 "**Restricted Securities**" means the securities of the Company required to be notated with the legend set forth in Subsection 2.12(b) hereof.

1.19 "**SEC**" means the Securities and Exchange Commission.

1.20 "**SEC Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act.

1.21 "**SEC Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

1.22 "**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.23 "**Selling Expenses**" means all underwriting discounts, selling commissions, and share transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any Holder, except for the fees and disbursements of the Selling Holder Counsel borne and paid by the Company as provided in Subsection 2.6.

2. Registration Rights. The Company covenants and agrees as follows:

2.1 Demand Registration.

(a) Form S-1 Demand. If at any time after the earlier of (i) 4 years after the date of this Agreement or (ii) 180 days after the effective date of the registration statement for the IPO, the Company receives a written request from Holders of a majority of the Registrable Securities then outstanding that the Company file a Form S-1 registration statement with respect to at least 40% of the Registrable Securities then outstanding (or a lesser percentage if the anticipated aggregate offering price, net of Selling Expenses, would exceed $10 million), then the Company shall (x) within 10 days after the date such request is given, give notice thereof (the "**Demand Notice**") to all Holders other than the Initiating Holders; and (y) as soon as practicable, and in any event within 60 days after the date such request is given by the Initiating Holders, file a Form S-1 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within 20 days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 2.1(c) and 2.3.

(b) Form S-3 Demand. If at any time when it is eligible to use a Form S-3 registration statement, the Company receives a request from Holders of at least 10% of the Registrable Securities then outstanding that the Company file a Form S-3 registration statement with respect to outstanding Registrable Securities of such Holders having an anticipated aggregate offering price, net of

Selling Expenses, of at least $4 million, then the Company shall (i) within 10 days after the date such request is given, give a Demand Notice to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within 45 days after the date such request is given by the Initiating Holders, file a Form S-3 registration statement under the Securities Act covering all Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within 20 days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 2.1(c) and 2.3.

(c) Notwithstanding the foregoing obligations, if the Company furnishes to Holders requesting a registration pursuant to this Subsection 2.1 a certificate signed by the Company's chief executive officer stating that in the good faith judgment of the Board of Directors it would be materially detrimental to the Company and its shareholders for such registration statement to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company shall have the right to defer taking action with respect to such filing, and any time periods with respect to filing or effectiveness thereof shall be tolled correspondingly, for a period of not more than 90 days after the request of the Initiating Holders is given; provided, however, that the Company may not invoke this right more than once in any twelve (12) month period; and provided further that the Company shall not register any securities for its own account or that of any other shareholder during such 90 day period other than an Excluded Registration.

(d) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(a) (i) during the period that is 60 days before the Company's good faith estimate of the date of filing of, and ending on a date that is 180 days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; (ii) after the Company has effected two registrations pursuant to Subsection 2.1(a); or (iii) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Subsection 2.1(b). The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(b) (i) during the period that is 30 days before the Company's good faith estimate of the date of filing of, and ending on a date that is 90 days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; or (ii) if the Company has effected two registrations pursuant to Subsection 2.1(b) within the twelve (12) month period immediately preceding the date of such request. A registration shall not be counted as "effected" for purposes of this Subsection 2.1(d) until such time as the applicable registration statement has been declared effective by the SEC, unless the Initiating Holders withdraw their request for such registration, elect not to pay the registration expenses therefor, and forfeit their right to one demand registration statement pursuant to Subsection 2.6, in which case such withdrawn registration statement shall be counted as "effected" for purposes of this Subsection 2.1(d); provided, that if such withdrawal is during a period the Company has deferred taking action pursuant to Subsection 2.1(c), then the Initiating Holders may withdraw their request for registration and such registration will not be counted as "effected" for purposes of this Subsection 2.1(d).

(e) The rights of an Initiating Holder, or any of its successors or assigns, to request registration pursuant to this Subsection 2.1 shall encompass, at such Initiating Holder's reasonable discretion, registration on a foreign exchange, with the provisions in this Section 2 applying, *mutatis mutandis*, to such registration.

2.2 Company Registration. If the Company proposes to register (including, for this purpose, a registration effected by the Company for shareholders other than the Holders) any of its Ordinary Shares under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration or in the IPO), the Company shall, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within 20 days after such notice is given by the Company, the Company shall, subject to the provisions of Subsection 2.3, cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Subsection 2.2 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. The expenses (other than Selling Expenses) of such withdrawn registration shall be borne by the Company in accordance with Subsection 2.6.

2.3 Underwriting Requirements.

(a) If, pursuant to Subsection 2.1, 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 Subsection 2.1, and the Company shall include such information in the Demand Notice. The underwriter(s) will be selected by the Company and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include such Holder's 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 to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Subsection 2.4(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting; provided, however that no Holder shall be required to make any representations, warranties or indemnities except as they relate to such Holder's ownership of shares and authority to enter into the underwriting agreement and to such Holder's intended method of distribution. Notwithstanding any other provision of this Subsection 2.3, if the managing underwriter(s) advise(s) the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated among such Holders of Registrable Securities, including the Initiating Holders, in proportion (as nearly as practicable) to the number of Registrable Securities owned by each Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; provided, however, that the number of Registrable Securities held by the Holders to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest 100 shares.

(b) In connection with any offering involving an underwriting of shares of the Company's share capital pursuant to Subsection 2.2, the Company shall not be required to include any of the Holders' Registrable Securities in such underwriting unless the Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity as the underwriters in their sole discretion determine will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by shareholders to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine 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, which the underwriters and the Company in their sole discretion determine will not jeopardize the success of the offering. If 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 allocated among the selling Holders in proportion (as nearly as practicable to) the number of Registrable Securities owned by each selling Holder or in such other proportions as shall mutually be agreed to by all such selling Holders. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may

round the number of shares allocated to any Holder to the nearest 100 shares. Notwithstanding the foregoing, in no event shall (i) the number of Registrable Securities included in the offering be reduced unless all other securities (other than securities to be sold by the Company) are first entirely excluded from the offering, or (ii) the number of Registrable Securities included in the offering be reduced below 25% of the total number of securities included in such offering, unless such offering is the IPO, in which case the selling Holders may be excluded further if the underwriters make the determination described above and no other shareholder's securities are included in such offering. For purposes of the provision in this Subsection 2.3(b) concerning apportionment, for any selling Holder that is a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, shareholders, and Affiliates of such Holder, or the estates and Immediate Family Members of any such partners, retired partners, members, and retired members 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 number of Registrable Securities owned by all Persons included in such "selling Holder," as defined in this sentence.

(c) For purposes of Section 2.1, a registration shall not be counted as "effected" if, as a result of an exercise of the underwriter's cutback provisions in Section 2.3(a), fewer than fifty percent (50%) of the total number of Registrable Securities that Holders have requested to be included in such registration statement are actually included.

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 120 days or, if earlier, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such 120 day period shall be extended for a period of time equal to the period a Holder refrains, at the request of an underwriter of Ordinary Shares (or other securities) of the Company, from selling any securities included in such registration, and (ii) in the case of any registration of Registrable Securities on Form S-3 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable SEC rules, such 120 day period shall be extended for up to 60 days, if necessary, to keep the registration statement effective until all such Registrable Securities are sold;

(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 Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(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 selling Holders; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(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 underwriter(s) of such offering;

(f) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any managing underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed;

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus; and

(k) notify each selling Holder at any time (should a prospectus relating to such registration statement be required to be delivered) 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 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.

In addition, the Company shall ensure that, at all times after any registration statement covering a public offering of securities of the Company under the Securities Act shall have become effective, its insider trading policy shall provide that the Company's directors may implement a trading program under Rule 10b5-1 of the Exchange Act.

2.5 Furnish Information. 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 is reasonably required to effect the registration of such Holder's Registrable Securities.

2.6 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 2, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company; and the reasonable fees and disbursements, not to exceed $50,000, of one counsel for the selling Holders ("**Selling Holder Counsel**"), shall be borne and paid by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Subsection 2.1 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 selling Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration pursuant to Subsections 2.1(a) or 2.1(b), as the case may be; provided further that if, at the time of such withdrawal, the Holders shall 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 after learning of such information then the Holders shall not be required to pay any of such expenses and shall not forfeit their right to one registration pursuant to Subsections 2.1(a) or 2.1(b). All Selling Expenses relating to Registrable Securities registered pursuant to this Section 2 shall be borne and paid by the Holders pro rata on the basis of the number of Registrable Securities registered on their behalf.

2.7 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.8 Indemnification. If 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 selling Holder, and the partners, members, officers, directors, and shareholders of each such Holder; legal counsel and accountants for each such Holder; any underwriter (as defined in the Securities Act) for each such Holder; and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.8(a) shall not apply to amounts paid in settlement of any such claim 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 for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and 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 Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.8(b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected

without the consent of the Holder, which consent shall not be unreasonably withheld; and provided further that in no event shall the aggregate amounts payable by any Holder by way of indemnity or contribution under Subsections 2.8(b) and 2.8(d) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Subsection 2.8 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Subsection 2.8, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and 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 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 action. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Subsection 2.8, to the extent that such failure materially prejudices the indemnifying party's ability to defend such action. The failure to give notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Subsection 2.8.

(d) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either: (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Subsection 2.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Subsection 2.8 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Subsection 2.8, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of 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; provided, however, that, in any such case (x) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities 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 Subsection 2.8(d), when combined with the amounts paid or payable by such Holder pursuant to Subsection 2.8(b), exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of willful misconduct or fraud by such Holder.

(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.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Subsection 2.8 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement or any provision(s) of this Agreement.

2.9 Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC 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 shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for the IPO), the Securities Act, and the Exchange Act (at any time after the Company 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 the Company so qualifies); and (ii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Company so qualifies to use such form).

2.10 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 of a majority of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would provide to such holder or prospective holder the right (a) to include securities in any registration on other than either a pro rata basis with respect to the Registrable Securities or on a subordinate basis after all Holders have had the opportunity to include in the registration and offering all shares of Registrable Securities that they wish to so include or (b) to demand registration of their securities; provided that this limitation shall not apply to Registrable Securities acquired by any additional Investor that becomes a party to this Agreement in accordance with Subsection 3.9.

2.11 "Market Stand-off" Agreement. 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 registration by the Company of its Ordinary Shares or any other equity securities under the Securities Act on a registration statement on Form S-1 relating to the Company's IPO, 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 Ordinary Shares or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Ordinary Shares held immediately before the effective date of the registration statement for such offering 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 such securities, whether any such transaction described in clause (i) or (ii)

above is to be settled by delivery of Ordinary Shares or other securities, in cash, or otherwise. The foregoing provisions of this Section 2.11 shall not apply to (i) the sale of any shares (x) to an underwriter pursuant to an underwriting agreement, (y) acquired by a Holder in the Company's IPO or (z) acquired by a Holder in the secondary market following the IPO or (ii) the establishment of a trading plan pursuant to Rule 10b5-1, provided that such trading plan does not permit transfers during the restricted period, and shall be applicable to the Holders only if all officers and directors are subject to the same restrictions and the Company uses commercially reasonable efforts to obtain a similar agreement from all stockholders individually owning more than one percent (1%) of the Company's outstanding Ordinary Shares (after giving effect to conversion into Ordinary Shares of all outstanding Preferred Shares). The underwriters in connection with such registration are intended third-party beneficiaries of this Section 2.11 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 connection with such registration that are consistent with this Section 2.11 or that are necessary to give further effect thereto.

2.12 Restrictions on Transfer.

(a) The Preferred Shares and the Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize and shall issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except in accordance with the Articles of Association and/or the Subscription Agreement and upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Preferred Shares and the Registrable Securities held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

(b) Each certificate, instrument, or book entry representing (i) the Preferred Shares, (ii) the Registrable Securities, and (iii) any other securities issued in respect of the securities referenced in clauses (i) and (ii), upon any share split, share dividend, recapitalization, merger, consolidation, or similar event, shall (unless otherwise permitted by the provisions of Subsection 2.12(c)) be notated with a legend substantially in the following form:

> THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES MAY NOT BE OFFERED, SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.
>
> THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE SHAREHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Subsection 2.12.

(c) The holder of such Restricted Securities, by acceptance of ownership thereof, agrees to comply in all respects with the provisions of this Section 2. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably

requested by the Company, shall be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon, subject to the provisions of the Articles of Association and/or the Subscription Agreement, the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. The Company will not require such a notice, legal opinion or "no action" letter (x) in any transaction in compliance with SEC Rule 144; or (y) in any transaction in which such Holder distributes Restricted Securities to an Affiliate of such Holder for no consideration; provided that each transferee agrees in writing to be subject to the terms of this Subsection 2.12. Each certificate, instrument, or book entry representing the Restricted Securities transferred as above provided shall be notated with, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Subsection 2.12(b), except that such certificate instrument, or book entry shall not be notated with such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

2.13 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Subsections 2.1 or 2.2 shall terminate upon the earliest to occur of:

(a) the closing of a Share Sale, as such term is defined in the Articles of Association;

(b) such time after consummation of the IPO as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's Registrable Securities without limitation during a three-month period without registration; and

(c) the fourth anniversary of the IPO.

3. Miscellaneous.

3.1 Successors and Assigns. The rights under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Registrable Securities that (i) is an Affiliate of a Holder; or (ii) is a Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; provided, however, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (y) such transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Subsection 2.11. For the purposes of determining the number of shares of Registrable Securities held by a transferee, the holdings of a transferee (1) that is an Affiliate or shareholder of a Holder; (2) who is a Holder's Immediate Family Member; or (3) that is a trust for the benefit of an individual Holder or such Holder's Immediate Family Member shall be aggregated together and with those of the transferring Holder; provided further that all transferees who would not qualify individually for assignment of rights shall, as a condition to the applicable transfer, establish a single attorney-in-fact for the purpose of exercising any rights, receiving notices, or taking any action under this Agreement. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

3.2 Governing Law. This Agreement shall be governed by the internal law of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Delaware.

3.3 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) 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**.**

3.4 Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

3.5 Notices.

(a) All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (i) personal delivery to the party to be notified; (ii) when sent, if sent by electronic mail or facsimile during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's next business day; (iii) five (5) business days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) three (3) business days after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses as set forth on Schedule A hereto, or to the principal office of the Company and to the attention of the Chief Executive Officer, in the case of the Company, or to such email address, facsimile number, or address as subsequently modified by written notice given in accordance with this Subsection 3.5. If notice is given to the Company, a copy shall also be sent to at The Dorothy Hodgkin Building, Babraham Research Campus, Babraham, Cambridge, United Kingdom, CB22 3FH, and Goodwin Procter LLP, 100 Northern Avenue, Boston, Massachusetts 02210, Attention: Mitch Bloom.

(b) Consent to Electronic Notice. Each Investor consents to the delivery of any shareholder notice by electronic transmission at the electronic mail address or the facsimile number provided in Schedule A. Each Investor agrees to promptly notify the Company of any change in such shareholder's electronic mail address, and that failure to do so shall not affect the foregoing.

3.6 Amendments and Waivers. Any term of this Agreement may be amended, modified or terminated 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 Holders of a majority of the Registrable Securities then outstanding; provided that the Company may in its sole discretion waive compliance with Subsection 2.12(c) (and the Company's failure to object promptly in writing after notification of a proposed assignment allegedly in violation of Subsection 2.12(c) shall be deemed to be a waiver); and provided further that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. Notwithstanding the foregoing, this Agreement may not be amended, modified or terminated and the observance of any term hereof may not be waived with respect to any Investor without the written consent of such Investor, unless such amendment, modification, termination, or waiver applies to all Investors in the same fashion. Notwithstanding the foregoing, Schedule A hereto may be amended by the Company from time to time to add transferees of any Registrable Securities in compliance with the terms of this Agreement without the consent of the other parties; and Schedule A hereto may also be

amended by the Company after the date of this Agreement without the consent of the other parties to add information regarding any additional Investor who becomes a party to this Agreement in accordance with Subsection 3.9. Any amendment, modification, termination, or waiver effected in accordance with this Subsection 3.6 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

3.7 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

3.8 Aggregation of Shares. All shares of Registrable Securities held or acquired by Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated persons may apportion such rights as among themselves in any manner they deem appropriate.

3.9 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues additional Preferred Shares after the date hereof, whether pursuant to the Subscription Agreement or otherwise, any purchaser of such Preferred Shares may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed an "Investor" for all purposes hereunder. No action or consent by the Investors shall be required for such joinder to this Agreement by such additional Investor, so long as such additional Investor has agreed in writing to be bound by all of the obligations as an "Investor" hereunder.

3.10 Entire Agreement. This Agreement (including any Schedules hereto) together with the other agreements entered into in connection with the investment constitute the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled.

3.11 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state and federal courts of Kent County in the State of Delaware for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state or federal courts of Kent County in the State of Delaware, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

Each party will bear its own costs in respect of any disputes arising under this Agreement. The prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled. Each of the parties to this Agreement consents to personal jurisdiction for any equitable action sought in the state or federal courts of Kent County in the State of Delaware.

3.12 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or nondefaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

COMPANY:

SIGNED by	)	
UNITED MEDICINES BIOPHARMA	)	
LIMITED	)	
acting by a director	)	/s/ Richard Lee

Richard Lee

667, L.P.

BY: BAKER BROS. ADVISORS LP, management company and investment adviser to **667, L.P.**, pursuant to authority granted to it by Baker Biotech Capital, L.P., general partner to 667, L.P., and not as the general partner.

By: /s/ Scott Lessing
Scott Lessing
President

BAKER BROTHERS LIFE SCIENCES, L.P.

By: BAKER BROS. ADVISORS LP, management company and investment adviser to **Baker Brothers Life Sciences, L.P.**, pursuant to authority granted to it by Baker Brothers Life Sciences Capital, L.P., general partner to Baker Brothers Life Sciences, L.P., and not as the general partner.

By: /s/ Scott Lessing
Scott Lessing
President

BOXER CAPITAL, LLC

By: /s/ Aaron Davis
Aaron Davis
Chief Executive Officer

MVA INVESTORS, LLC

By: /s/ Aaron Davis
Aaron Davis
Chief Executive Officer

BIOTECHNOLOGY VALUE FUND, L.P.

By: /s/ Mark Lampert
Name: Mark Lampert
Title: Chief Executive Officer BVF I GP LLC, itself General Partner of Biotechnology Value Fund, L.P.

BIOTECHNOLOGY VALUE FUND II, L.P.

By: /s/ Mark Lampert
Name: Mark Lampert
Title: Chief Executive Officer BVF II GP LLC, itself General Partner of Biotechnology Value Fund II, L.P.

BIOTECHNOLOGY VALUE TRADING FUND OS, L.P.

By: /s/ Mark Lampert
Name: Mark Lampert
Title: President BVF Inc., General Partner of BVF Partners L.P., itself sole member of BVF Partners OS Ltd., itself GP of Biotechnology Value Trading Fund OS, L.P.

/s/ Bihua Chen

CORMORANT PRIVATE HEALTHCARE FUND III, LP

By: Cormorant Private Healthcare GP III, LLC

By: Bihua Chen, Managing Member

/s/ Bihua Chen

CORMORANT GLOBAL HEALTHCARE MASTER FUND, LP

By: Cormorant Global Healthcare GP, LLC

By: Bihua Chen, Managing Member

/s/ Bihua Chen

CRMA SPV, L.P.

By: Cormorant Asset Management, LP

By: Bihua Chen, Attorney-in-fact

ECOR1 CAPITAL FUND, L.P.

By: EcoR1 Capital, LLC, its General Partner

By: /s/ Oleg Nodelman
Name: Oleg Nodelman,
Title: Manager

ECOR1 CAPITAL FUND QUALIFIED, L.P.

By: EcoR1 Capital, LLC, its General Partner

By: /s/ Oleg Nodelman
Name: Oleg Nodelman,
Title: Manager

ECOR1 VENTURE OPPORTUNITY FUND, L.P.

By: Biotech Opportunity GP, LLC, its General Partner

By: /s/ Oleg Nodelman
Name: Oleg Nodelman,
Title: Manager

FRANKLIN TEMPLETON INVESTMENT FUNDS –
FRANKLIN BIOTECHNOLOGY DISCOVERY FUND

By: Franklin Advisers, Inc., as investment manager

By: /s/ Evan McCulloch
Evan McCulloch
Vice President

FRANKLIN STRATEGIC SERIES – FRANKLIN
BIOTECHNOLOGY DISCOVERY FUND

By: Franklin Advisers, Inc., as investment manager

By: /s/ Evan McCulloch
Evan McCulloch
Vice President

GENERAL ATLANTIC UM B.V.

/s/ Ingrid van der Hoorn
By: Ingrid van der Hoorn
Title: Director A

/s/ Wolbert Kamphuijs
By: Wolbert Kamphuijs
Title: Director B

g.B.

JANUS HENDERSON GLOBAL LIFE SCIENCES FUND

By: Janus Capital Management LLC, its investment advisor

By: /s/ Andrew Acker
Name: Andrew Acker
Title: Authorized Signatory

JANUS HENDERSON BIOTECH INNOVATION MASTER FUND LIMITED

By: Janus Capital Management LLC, its investment advisor

By: /s/ Andrew Acker
Name: Andrew Acker
Title: Authorized Signatory

JANUS HENDERSON CAPITAL FUNDS PLC ON BEHALF OF ITS SERIES JANUS HENDERSON GLOBAL LIFE SCIENCES FUND

By: Janus Capital Management LLC, its investment advisor

By: /s/ Andrew Acker
Name: Andrew Acker
Title: Authorized Signatory

JANUS HENDERSON HORIZON FUND -
BIOTECHNOLOGY FUND

By: Janus Capital Management LLC, its investment advisor

By: /s/ Andrew Acker
Name: Andrew Acker
Title: Authorized Signatory

JANUS HENDERSON VENTURE FUND

By: Janus Capital Management LLC, its investment advisor

By: /s/ Jonathan Coleman
Name: Jonathan Coleman
Title: Authorized Signatory

LIFESCI VENTURE PARTNERS II, LP

By: /s/ Paul Yook
Name: Paul Yook
Title: Managing Member

LIFESCI VENTURE MASTER SPV, LLC

By: /s/ Paul Yook
Name: Paul Yook
Title: Managing Member

LOGOS OPPORTUNITIES FUND II, L.P.

By: Logos Opportunities GP, LLC
Its General Partner

By: /s/ Graham Walmsley
Name: Graham Walmsley
Title: Managing Member

By: /s/ Arsani William
Name: Arsani William
Title: Managing Partner

SIGNED for and on behalf of **MEDICXI GROWTH I LP** by its manager **MEDICXI VENTURES** **MANAGEMENT (JERSEY) LIMITED**	))))	/s/ Andrew Jeanne Andrew Jeanne Director
SIGNED for and on behalf of **MEDICXI GROWTH CO-INVEST I LP** by its manager **MEDICXI VENTURES** **MANAGEMENT (JERSEY) LIMITED**	))))	/s/ Andrew Jeanne Andrew Jeanne Director
Signed for and on behalf of **MEDICXI VENTURES I LP** By: its manager **MEDICXI VENTURES** **MANAGEMENT (JERSEY) LIMITED**	))))	/s/ Andrew Jeanne Andrew Jeanne Director
Signed for and on behalf of **MEDICXI CO-INVEST I LP** By: its manager **MEDICXI VENTURES** **MANAGEMENT (JERSEY) LIMITED**	))))	/s/ Andrew Jeanne Andrew Jeanne Director
Signed for and on behalf of **MEDICXI SECONDARY I LP** By: its manager **MEDICXI VENTURES** **MANAGEMENT (JERSEY) LIMITED**	))))	/s/ Andrew Jeanne Andrew Jeanne Director
Signed for and on behalf of **MEDICXI SECONDARY CO-INVEST I LP** By: its manager **MEDICXI VENTURES** **MANAGEMENT (JERSEY) LIMITED**	))))	/s/ Andrew Jeanne Andrew Jeanne Director

Executed as a deed for and on behalf of **INDEX VENTURES LIFE VI (JERSEY), L.P.** By: its Managing General Partner: Index Venture Life Associates VI Limited	)	/s/ Sarah Earles and/or Director Director Sarah Earles
Executed as a deed for and on behalf of **YUCCA (JERSEY) SLP** By: Intertrust Employee Benefit Services Limited as Authorised Signatory of Yucca (Jersey) SLP in its capacity as administrator of the Index Life Co- Investment Scheme	)	/s/ Sarah Earles /s/ Andrew Le Couilliard Sarah Earles Andrew Le Couilliard Authorised Signatory - Intertrust Employee Benefit Services Limited
Executed by **MEDICXI (MG1) S.A.R.L.**, acting by: Mr. Giles Johnstone Scott and Mr. Anthony Agostino	)	/s/ Giles Johnstone Scott Signature /s/ Anthony Agostino Signature
Executed by **MEDICXI (MV1) S.A.R.L.**, acting by: Mr. Giles Johnstone Scott and Mr. Anthony Agostino	)	/s/ Giles Johnstone Scott Signature /s/ Anthony Agostino Signature

Executed by)
Srinivas Akkaraju)
) /s/ Srinivas Akkaraju
Signature

Samsara BioCapital, L.P.

acting by: **SAMSARA BIOCAPITAL GP, LLC**

Position: Managing Member

T. ROWE PRICE HEALTH SCIENCES FUND, INC.

TD MUTUAL FUNDS - TD HEALTH SCIENCES FUND

T. ROWE PRICE HEALTH SCIENCES PORTFOLIO

Each account, severally and not jointly

By: T. Rowe Price Associates, Inc., Investment Adviser or Subadviser, as applicable

By: /s/ Andrew Baek
Name: Andrew Baek
Title: Vice President

VENROCK HEALTHCARE CAPITAL PARTNERS EG, L.P.
By: VHCP Management EG, LLC, its general partner

By: _____
Authorized Signatory

VENROCK HEALTHCARE CAPITAL PARTNERS III, L.P.
By: VHCP Management III, LLC, its general partner
By: VR Advisor, LLC, its manager

VHCP CO-INVESTMENT HOLDINGS III, LLC
By: VHCP Management III, LLC, its manager
By: VR Advisor, LLC, its manager

By: _____
Authorized Signatory

VIDA VENTURES II, LLC

By: VV Manager II LLC, its Managing Member

By: /s/ Arjun Goyal
Name: Arjun Goyal
Title: Managing Director

VIDA VENTURES II-A, LLC

By: VV Manager II LLC, its Managing Member

By: /s/ Arjun Goyal
Name: Arjun Goyal
Title: Managing Director

WELLINGTON BIOMEDICAL INNOVATION MASTER INVESTORS (CAYMAN) I L.P.

By: Wellington Management Company LLP, as investment adviser

By: /s/ Peter N. McIsaac
Name: Peter N. McIsaac
Title: Managing Director and Counsel

Exhibit 10.5

Saurabh Saha, MD, PhD

November 19, 2020, *revised on* December 2, 2020

Re: Offer of Employment

Dear Saurabh:

On behalf of United Medicines, I am pleased to confirm our offer to employ you as Chief Executive Officer. United Medicines Biopharma Limited ("Parent") is a to-be-formed U.K. corporation that will be the parent company of a subsidiary that will be formed in the United States (the "U.S. Subsidiary"). Parent, the U.S. Subsidiary and their respective subsidiaries and other affiliates are collectively referred to herein as "United Medicines" or the "Company," and the duties of the Company set forth in this Agreement may be discharged by any entity within that definition. The initial terms and conditions of your employment, should you accept this offer, are set forth below in this letter agreement (the "Agreement"):

1. **Position.** As Chief Executive Officer of the Company, you will have such powers and duties as may from time to time be prescribed by Parent's Board of Directors (the "Board"). The U.S. Subsidiary will maintain and distribute employment-related records. You shall serve on the Board for so long as you remain the Chief Executive Officer of the Company; *provided* that to the extent the Company becomes a public company, the Company's obligation with respect to such Board service shall be limited to the Company causing you to be nominated for election to the Board and to be recommended to the stockholders for election to the Board; *provided further*, that you shall be deemed to have resigned from the Board and from any related positions upon ceasing to serve as the Chief Executive Officer for any reason. This is a full-time employment position. It is understood and agreed that, while you render services to the Company, you will not engage in any other employment, consulting or other business activities (whether full-time or part-time), except as expressly authorized in writing by the Board. Notwithstanding the foregoing, you may engage in religious, charitable and other community activities so long as such activities do not interfere or conflict with your obligations to the Company.

2. **Start Date.** Your employment with the Company will begin on a date to be mutually agreed to by you and the Company. For the avoidance of doubt, in no event will the Start Date be before the date that the U.S. Subsidiary is formed. The actual first day of your employment with the Company shall be referred to herein as the "Start Date."

3. **Compensation and Related Matters.**

(a) Base Salary. The Company will pay you an initial base salary at the rate of $600,000 per year, payable in accordance with the Company's standard payroll schedule for its U.S. executives and subject to applicable deductions and withholdings. Your base salary will be subject to periodic review and adjustments at the Company's discretion. Your base salary in effect at any given time is referred to herein as the "Base Salary."

(b) **Annual Bonus.** Commencing in calendar year 2021, you will initially be eligible to receive an annual performance bonus targeted at 45% of your Base Salary and pro-rated based on your Start Date. The actual bonus amount is discretionary and will be determined by the Board or the Compensation Committee thereof. To earn an annual bonus, you must be employed by the Company as of the payment date of such bonus. Any annual bonus will be paid no later than March 15th of the calendar year following the calendar year to which such bonus relates.

(c) **Sign-On Bonus.** Within 30 days following the Start Date, the Company will pay you a one-time signing bonus in the amount of $100,000, less applicable tax-related deductions and withholdings (the "Sign-On Bonus"); *provided* that if the Company terminates your employment for Cause (as defined in Appendix A) or you resign your employment for any reason other than for Good Reason (as defined in Appendix A), in either case prior to the one (1) year anniversary of the Start Date, you will repay the full Sign-On Bonus within 10 days after the Date of Termination (as defined below).

(d) **Expenses.** The Company will promptly reimburse you for all reasonable expenses incurred by you in performing services hereunder, in accordance with the policies and procedures then in effect and established by the Company for its U.S. executives.

(e) **Benefits/Paid Time Off.** You will be eligible, subject to the terms of the applicable plans and programs, to participate in the employee benefits and insurance programs generally made available to the Company's full-time U.S. employees. Details of such benefits programs, including mandatory employee contributions, if any, and waiting periods, if applicable, will be made available to you when such benefit(s) become available. You will be entitled to paid time off consistent with the terms of the Company's paid time off policy for its U.S. executives, as in effect from time to time. The Company reserves the right to modify, amend or cancel any of its benefits plans or programs at any time.

4. Equity Award. At such time as Parent issues and sells shares of its capital stock in connection with the Series A Financing and subject to approval of the Board and your continued employment on the date of grant or issuance, Parent shall grant to you (at your option) either a restricted stock award for a number of shares of Parent's common stock (the "Restricted Shares") or a stock option to purchase a number of shares of Parent's common stock (the "Option") equal to 5.0% of Parent's fully diluted capitalization (reflecting then outstanding capital stock and stock options) following such issuance and sale. The Restricted Shares or Option will be subject to the standard terms and conditions of Parent's equity incentive plan then in effect and the applicable equity award agreement (the "Equity Documents"), including with respect to vesting as follows: 25% of the Restricted Shares or Options shall vest on the first anniversary of the Start Date (the "Vesting Commencement Date") and the remainder shall vest in equal quarterly installments over the twelve (12) quarters thereafter, subject to your continued employment with the Company at each such vesting date, such that the Restricted Shares or Option shall be fully vested upon the fourth (4th) anniversary of the Vesting Commencement Date. Notwithstanding anything to the contrary in the Equity Documents or in any applicable option agreement or other stock-based award agreement, 100% of the unvested portion of the Restricted Shares or the Option, as applicable, as well as any future time-based equity awards that you may be granted in the Board's sole discretion, shall immediately accelerate and become fully exercisable or nonforfeitable as of the effective date of a Change in Control of Parent (as defined in Appendix A), *provided* that you remain employed on the effective date of such Change in Control of Parent.

In the event a Qualifying Termination (as defined in Appendix A) occurs within the fifteen (15) month period immediately following the Start Date and you enter into the Separation Agreement and Release (as defined below) and it becomes irrevocable within 60 days after the Date of Termination (or such shorter period as set forth in the Separation Agreement and Release), then, notwithstanding anything to the contrary in the Equity Documents, the unvested portion of the Restricted Shares or the Option, as applicable, that otherwise would have vested between the Date of Termination and the fifteen (15) month anniversary of the Start Date if your employment had continued during such period shall immediately accelerate and become fully exercisable or nonforfeitable as of the later of (i) the Date of Termination and (ii) the effective date of the Separation Agreement and Release (the "Accelerated Vesting Date"), *provided* that in order to effectuate the accelerated vesting contemplated by this paragraph, the unvested portion of the Restricted Shares or the Option that is subject to acceleration pursuant to this paragraph that would otherwise be forfeited on the Date of Termination will be delayed until the earlier of (A) the effective date of the Separation Agreement and Release (at which time acceleration will occur), or (B) the date that the Separation Agreement and Release can no longer become fully effective (at which time the unvested portion of the Restricted Shares or the Option that is subject to acceleration pursuant to this paragraph will be forfeited). Notwithstanding the foregoing, no additional time-based vesting of the Restricted Shares or the Option shall occur during the period between the Date of Termination and the Accelerated Vesting Date.

5. Location. You initially will be permitted to work from your home office in Massachusetts, *provided, however,* that you may be required to regularly travel to the U.K., France and Germany, and you may also be required to travel nationally and internationally on business as is necessary from time to time. During the COVID-19 pandemic, such travel may be limited to essential travel and will be in accordance with applicable safety regulations.

6. At-Will Employment; Date of **Termination.** At all times your employment is "at will," meaning you or the Company may terminate it at any time for any or no reason, subject to the terms of this Agreement. Your last day of employment for any reason is referred to herein as the "Date of Termination." In the event that you elect to end your employment other than for Good Reason, the Company requires you to provide at least 30 days' advance written notice to the Company. Notwithstanding the foregoing, the Company may unilaterally accelerate the Date of Termination, and such acceleration shall not result in a termination by the Company for purposes of this Agreement. In the interest of clarity, any intercompany transfer between Parent, the U.S. Subsidiary and their respective subsidiaries and affiliates shall not be deemed a termination of the employment relationship unless otherwise specified at the time of the transfer.

To the extent applicable, you shall be deemed to have resigned from all officer and board member positions that you hold with the Company or any of its respective subsidiaries and affiliates upon the termination of your employment for any reason. You shall execute any documents in reasonable form as may be requested to confirm or effectuate any such resignations.

7. Accrued Obligations. In the event of the ending of your employment for any reason, the Company shall pay you (i) your Base Salary and, if applicable, any accrued but unused vacation, through the Date of Termination, and (ii) the amount of any documented expenses properly incurred by you on behalf of the Company prior to any such termination and not yet reimbursed (the "Accrued Obligations").

8. Severance Pay and Benefits Upon a Qualifying Termination. In the event that a Qualifying Termination (as defined in Appendix A) occurs, then, in addition to you being entitled to the Accrued Obligations, and subject to (i) you signing a separation agreement and release in a form and manner reasonably satisfactory to the Company, which shall include, without limitation, a general release of claims against the Company and all related persons and entities, a reaffirmation of the Continuing Obligations (as defined below), and a one year post-employment noncompetition agreement, and shall provide that if you breach the Continuing Obligations, all payments of the Severance Amount (as defined below) shall immediately cease (the "Separation Agreement and Release"), (ii) the Separation Agreement and Release becoming irrevocable, all within 60 days after the Date of Termination (or such shorter period as set forth in the Separation Agreement and Release), which shall include a seven (7) business day revocation period, and (iii) if so requested by the Company, you signing a U.K. settlement agreement:

(a) The Company shall pay you an amount equal to twelve (12) months of your Base Salary (the "Severance Amount"); *provided* that in the event you are entitled to any payments pursuant to the Restrictive Covenants Agreement, the Severance Amount received in any calendar year will be reduced by the amount you are paid in the same such calendar year pursuant to the Restrictive Covenants Agreement (the "Restrictive Covenants Agreement Setoff"); and

(b) subject to your copayment of premium amounts at the applicable active employees' rate and your proper election to receive benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall pay to the group health plan provider(s) or the COBRA provider a monthly payment equal to the monthly employer contribution that the Company would have made to provide health insurance to you if you had remained employed by the Company until the earliest of (A) the twelve (12) month anniversary of the Date of Termination; (B) your eligibility for group health plan benefits under any other employer's group health plan; or (C) the cessation of your continuation rights under COBRA; *provided*, *however,* that if the Company reasonably determines that it cannot pay such amounts to the group health plan provider(s) or the COBRA provider (if applicable) without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then the Company shall convert such payments to payroll payments directly to you for the time period specified above. Such payments, if to you, shall be subject to tax-related deductions and withholdings and paid on the Company's regular payroll dates; and

The amounts payable under this Section 8, to the extent taxable, shall be paid out in substantially equal installments in accordance with the Company's payroll practice over 12 months commencing within 60 days after the Date of Termination; *provided*, *however*, that if the 60-day period begins in one calendar year and ends in a second calendar year, the Severance Amount, to the extent it qualifies as "non-qualified deferred compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), shall begin to be paid in the second calendar year by the last day of such 60-day period; *provided*, *further,* that the initial payment shall include a catch-up payment to cover amounts retroactive to the day immediately following the Date of Termination. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

If your employment ends for any reason other than a Qualifying Termination, you will be entitled to the Accrued Obligations and will not be entitled to any further compensation from the Company. For the avoidance of doubt, if your employment ends due to your death or disability, you will receive the Accrued Obligations but will not be eligible for severance pay and benefits, whether pursuant to this Section 8 or otherwise.

9. Continuing Obligations.

(a) **Restrictive Covenants Agreement.** As a condition of your employment, you are required to enter into the Employee Confidentiality, Assignment, Nonsolicitation and Noncompetition Agreement enclosed with this Agreement (the "Restrictive Covenants Agreement"). You acknowledge and agree that you are receiving the Restrictive Covenants Agreement with this Agreement and at least ten (10) business days prior to the Start Date. For purposes of this Agreement, the obligations in this Section 9 and those that arise in the Restrictive Covenants Agreement and any other agreement relating to confidentiality, assignment of inventions, or other restrictive covenants shall collectively be referred to as the "Continuing Obligations."

(b) **Third Party Agreements and Rights.** You hereby confirm that you are not bound by the terms of any agreement with any previous employer or other party which restricts your engagement in any business in any way, other than confidentiality restrictions (if any). You represent to the Company that your execution of this Agreement, your employment with the Company and the performance of your proposed duties for the Company will not violate any obligations you may have to any such previous employer or other party. In your work for the Company, you will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and you will not bring to the premises of the Company any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party. You agree that, notwithstanding anything to the contrary herein, if your employment ends in connection with or as a result of a former employer or third party enforcing or attempting to enforce a noncompetition obligation or other restrictive covenant against you, such termination will not constitute a Qualifying Termination for purposes of this Agreement.

(c) **Litigation and Regulatory Cooperation.** During and after your employment, you shall cooperate fully with the Company in (i) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while you were employed by the Company, and (ii) the investigation, whether internal or external, of any matters about which the Company believes you may have knowledge or information. Your full cooperation in connection with such claims, actions or investigations shall include, but not be limited to, being available to meet with counsel to answer questions or to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after your employment, you also shall

cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while you were employed by the Company. The Company shall reimburse you for any reasonable out-of-pocket expenses incurred in connection with your performance of obligations pursuant to this Section 9(c).

(d) **Relief.** You agree that it would be difficult to measure any damages caused to the Company which might result from your breach of any of the Continuing Obligations, and that in any event money damages would be an inadequate remedy for any such breach. Accordingly, you agree that if you breach, or propose to breach, any portion of the Continuing Obligations, the Company shall be entitled, in addition to all other remedies that it may have, to an injunction or other appropriate equitable relief to restrain any such breach without showing or proving any actual damage to the Company.

10. Section 409A

(a) Anything in this Agreement to the contrary notwithstanding, if at the time of your separation from service within the meaning of Section 409A of the Code, the Company determines that you are a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that you become entitled to under this Agreement or otherwise on account of your separation from service would be considered deferred compensation otherwise subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after your separation from service, or (B) your death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

(b) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by you during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable to medical expenses). Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the termination of your employment, then such payments or benefits shall be payable only upon your "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(d) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. Each payment pursuant to this Agreement or the Restrictive Covenants Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(e) The Company makes no representation or warranty and shall have no liability to you or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

11. Legal Fees. The Company shall reimburse you for your reasonable attorneys' fees incurred in the negotiation and execution of this Agreement, subject to a maximum reimbursement of $5,000.00.

12. Withholding; Tax Effect. All forms of compensation referred to in this Agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law. You hereby acknowledge that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or the Board related to tax liabilities arising from your compensation.

13. Interpretation and Enforcement. This Agreement, together with Appendix A, the Restrictive Covenants Agreement and the Equity Documents, constitutes the complete agreement between you and the Company, contains all of the terms of your employment with the Company and supersedes any prior agreements, representations or understandings (whether written, oral or implied) between you and the Company. Except as expressly otherwise provided in the Equity Documents or the Restrictive Covenants Agreement, the terms of this Agreement and the resolution of any disputes as to the meaning, effect, performance or validity of this Agreement or arising out of, related to, or in any way connected with this Agreement, your employment with the Company or any other relationship between you and the Company (the "Disputes") will be governed by Massachusetts law, excluding laws relating to conflicts or choice of law. You and the Company submit to the exclusive personal jurisdiction and venue of the federal and state courts located in the Commonwealth of Massachusetts in connection with any Dispute or any claim related to any Dispute.

14. Assignment; Successors and Assigns. Neither you nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; *provided, however,* that the Company may assign its rights and obligations under this Agreement without your consent to any affiliate or to any person or entity with whom the Company shall hereafter effect a reorganization, consolidate with, or merge into or to whom it transfers all or substantially all of its properties or assets; *provided further,* that if you remain employed or become employed by the Company, the purchaser or any of their affiliates in connection with any such transaction, then you shall not be entitled to any severance payments or

benefits solely as a result of such transaction. This Agreement shall inure to the benefit of and be binding upon you and the Company, and each of your and its respective successors, executors, administrators, heirs and permitted assigns. In the event of your death after the Date of Termination but prior to the completion by the Company of all payments due to you under this Agreement, the Company shall continue such payments to your beneficiary designated in writing to the Company prior to your death (or to your estate, if you fail to make such designation).

15. Waiver; Amendment. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach. This Agreement may be amended or modified only by a written instrument signed by you and by a duly authorized representative of the Company.

16. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

17. Conditions. This offer is contingent on the completion of successful reference and background checks, if so requested and as determined by the Company. As with any employee, you must submit satisfactory proof of your identity and your legal authorization to work in the United States.

18. Indemnification. You shall be entitled to indemnification with respect to your services provided hereunder to the fullest extent permissible pursuant to [Delaware] law, the Company's By-Laws and/or charter, and the applicable Company directors and officers ("D&O") liability insurance policy that Company agrees to obtain within six (6) months after the Start Date.

19. Other Terms. The provisions of this Agreement shall survive the termination of this Agreement and/or the termination of your employment to the extent necessary to effectuate the terms contained herein. The headings and other captions in this Agreement are for convenience and reference only and shall not be used in interpreting, construing or enforcing any of the provisions of this Agreement. This Agreement may be executed in separate counterparts. When both counterparts are signed, they shall be treated together as one and the same document. PDF copies of signed counterparts shall be equally effective as originals.

[Signature page follows.]

To accept this offer of employment, please sign and return this Agreement and the Restrictive Covenants Agreement to Jennifer Merrigan Fay, Esq at JFav@goodwinlaw.com by December 3, 2020. We look forward to your joining the Company.

Very truly yours,

By: /s/ Richard Lee
Richard Lee, Director

Enclosure (Restrictive Covenants Agreement)

I have read and accept this employment offer:

/s/ Saurabh Saha
Saurabh Saha, MD, PhD

Date: 12/10/20

Appendix A

1) "Cause" shall mean (i) your dishonest statements or acts with respect to the Company or any affiliate of the Company, or any current or prospective customers, suppliers, vendors or other third parties with which such entity does business that results in or is reasonably anticipated to result in harm to the Company; (ii) your commission of (A) a felony or (B) any misdemeanor involving moral turpitude, deceit, dishonesty or fraud; (iii) your failure to perform your assigned duties and responsibilities to the reasonable satisfaction of the Board, which failure continues, in the reasonable judgment of the Board, for thirty (30) days after written notice given to you describing such failure; (iv) your gross negligence, willful misconduct or insubordination that results in or is reasonably anticipated to result in harm to the Company, which conduct, if curable, in the reasonable judgment of the Board, is not cured for more than thirty (30) days after written notice given to you describing such conduct; (v) your violation of any material provision of any agreement(s) between you and the Company or any Company policies including, without limitation, this Agreement, agreements relating to noncompetition, nonsolicitation, nondisclosure and/or assignment of inventions or policies related to ethics or workplace conduct, which violation, if curable, in the reasonable judgment of the Board, is not cured for more than (30) days after written notice given to you describing such violation; or (vi) your failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Board to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigation.

2) "Change in Control of Parent" shall mean "Change in Control" as that term is defined in Parent's equity incentive plan, to be adopted on or following the date of Parent's formation.

3) "Good Reason" shall mean that you have complied with the "Good Reason Process" (hereinafter defined) following the occurrence of any of the following events: (i) a material diminution in your responsibilities, authority or duties; (ii) a diminution in your Base Salary except for across-the-board salary reductions of similar magnitude based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company; (iii) the material breach of this Agreement by the Company; or (iv) a relocation of your principal business location to a location more than seventy-five (75) miles from your current home in Wellesley, Massachusetts.

4) "Good Reason Process" shall mean that (i) you reasonably determine in good faith that a "Good Reason" condition has occurred; (ii) you notify the Company in writing of the first occurrence of the Good Reason condition within 60 days of the first occurrence of such condition; (iii) you cooperate in good faith with the Company's efforts, for a period not less than 30 days following such notice (the "Cure Period"), to remedy the condition; (iv) notwithstanding such efforts, the Good Reason condition continues to exist; and (v) you terminate your employment within 60 days after the end of the Cure Period. If the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred.

5) "Qualifying Termination" shall mean, after the Start Date, the Company terminates your employment without Cause or you resign from your employment for Good Reason.

Exhibit 10.27

EXECUTION VERSION

STOCK PURCHASE AGREEMENT

BY AND AMONG

CHIESI USA, INC.,

PALLADIO ACQUISITION SUB, INC.

and

PALLADIO BIOSCIENCES, INC.

July 26, 2016

TABLE OF CONTENTS

Exhibits

STOCK PURCHASE AGREEMENT

This **STOCK PURCHASE AGREEMENT** (this "Agreement") is dated as of July 26, 2016, by and among Chiesi USA, Inc., a Delaware corporation ("Seller"), Palladio Biosciences, Inc., a Delaware corporation ("Parent") and Palladio Acquisition Sub, Inc, a Delaware corporation and wholly-owned subsidiary of Buyer ("Buyer" and together with Parent, the "Parent Parties").

RECITALS:

WHEREAS, Seller is the owner of One Hundred (100) shares (the "Shares") of common stock, par value $0.001 per share (the "Company Common Stock"), of Cardiokine, Inc., a Delaware corporation (the "Company"), representing all of the issued and outstanding capital stock of the Company;

WHEREAS, Buyer has agreed to purchase from Seller, and Seller has agreed to sell to Buyer, the Shares pursuant to the terms of this Agreement; and

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. In this Agreement, the following terms have the meanings specified or referred to in this Section 1.1.

"**Affiliate**" means, with respect to any Person, any other Person who is an "affiliate" of that Person within the meaning of Rule 405 promulgated under the Securities Act; provided, however, that Chiesi (including any of its Subsidiaries) shall not constitute an Affiliate of Parent or any of its Subsidiaries (including Buyer and the Company) after the Closing.

"**Agreement**" has the meaning set forth in the Preamble.

"**Approved Indication**" has the meaning set forth in Section 5.1.

"**Audit Period**" has the meaning set forth in Section 2.6.

"**Benefit Plans**" has the meaning set forth in Section 3.8(a).

"**Business Day**" means any day other than a Saturday, Sunday or other day on which banking institutions located in New York, New York are permitted or required by Law to remain closed.

"**Buyer**" has the meaning set forth in the Preamble.

"**Buyer Indemnified Party**" has the meaning set forth in Section 8.2(a).

"**Cap**" has the meaning set forth in Section 8.2(b)(ii).

"**Chiesi**" has the meaning set forth in Section 5.1.

"**Chosen Courts**" has the meaning set forth in Section 9.5.

"**Closing**" has the meaning set forth in Section 2.2(a).

"**Closing Date**" has the meaning set forth in Section 2.2(a).

"**Code**" means the Internal Revenue Code of 1986.

"**Combination Product**" has the meaning set forth in this Section 1.1.

"**Company**" has the meaning set forth in the Preamble.

"**Company Common Stock**" has the meaning set forth in the Recitals.

"**Compound**" means [####]

"**Confidentiality Agreements**" has the meaning set forth in Section 5.8.

"**Contingent Consideration Payee**" means the Persons entitled to receive "Contingent Consideration" pursuant to Sections 5.5 and 5.6 of the Pfizer License Agreement and Section 2.6 of the Merger Agreement, as applicable.

"**Contingent Consideration Payments**" has the meaning set forth in Section 2.4(a).

"**Contingent Consideration Period**" means, on a country-by-country basis, the period commencing on the date that the applicable regulatory authority in such country grants Marketing Approval for a Lixivaptan Product and expiring upon the later of (a) expiration of the last Valid Claim of any Lixivaptan Patent Right in such country or (b) the expiration of the market exclusivity period(s) granted by a Governmental Body for a Lixivaptan Product in such country during which such Governmental Body will not grant Regulatory Approval of a product (i) containing the Compound or the active moiety thereof, (ii) using a Lixivaptan Product as its reference product or (iii) relying in any other manner on the regulatory data or filings for a Lixivaptan Product.

"**Contract**" means any contract, lease, sublease, license, sublicense, deed, note, mortgage, indenture, instrument or other commitment or legally binding agreement, whether written or oral.

"**Controlling Party**" has the meaning set forth in Section 8.4.

"**Deductible**" has the meaning set forth in Section 8.2(b)(i).

"**Disclosure Letter**" means the Disclosure Letter delivered by Seller to the Parent Parties concurrently with the execution and delivery of this Agreement.

"**Encumbrance**" means any charge, claim, pledge, lien, security interest, mortgage, deed of trust, easement, encroachment or other similar encumbrance.

"**Environment**" means soil, surface waters, groundwater, land, stream sediments, surface or subsurface strata and ambient air and biota living in or on such media.

"**Environmental Laws**" means all Laws relating to protection of the Environment, including the federal Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Endangered Species Act and similar federal, state and local Laws as in effect on the Closing Date.

"**ERISA**" means the Employee Retirement Income Security Act of 1974.

"**Fair Market Value**" means the following, (a) with respect to Parent Common Stock that is publicly traded and that is not subject to restrictions on sale, the last sale price on the principal national securities exchange on which they are traded on the Business Day immediately prior to the date of determination, or if no sales occurred on such day, the highest final "bid" price on such day, and (b) with respect to Parent Common Stock not subject to clause (a) above, the value determined by the Board of Directors of Parent in good faith, based on all factors which the Board of Directors of Parent, in its sole discretion, determines to be relevant and appropriate, which may include, type of asset, marketability (or absence thereof), restrictions on disposition, purchases of the same or similar securities by other investors, pending mergers or acquisitions and current and prospective financial position and operating results.

"**FDA**" means the United States Food and Drug Administration.

"**Financing Agreements**" means the Investor Rights Agreement, Right of First Refusal & Co-Sale Agreement and Voting Agreement.

"**Fundamental Expiration Date**" has the meaning set forth in Section 8.1.

"**Fundamental Representations**" has the meaning set forth in Section 8.1.

"**Fundamental Transaction**" means (a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than (i) Parent, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of Parent, (iii) a company owned, directly or indirectly, by the stockholders of Parent in substantially the same proportions as their ownership of stock of Parent, (iv) the existing holders of capital stock of Parent as of the date hereof or subsequent holders of capital stock of Parent acquired pursuant to a bona-fide equity financing of Parent, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of

securities of Parent representing more than fifty percent (50%) of the combined voting power of Parent's then outstanding securities; (b) the consummation of a merger, share exchange, consolidation or reorganization involving Parent and any other company or other entity as a result of which (A) less than fifty percent (50%) of the combined voting power of Parent or of the surviving or resulting company or entity after such transaction is held in the aggregate by the holders of the combined voting power of the outstanding securities of Parent immediately prior to such transaction or (B) Seller's shares are exchanged for cash or non-equity consideration; (c) the stockholders of Parent approve a plan of complete liquidation of Parent or an agreement for the sale or disposition by Parent of all or substantially all of Parent's assets; (d) the occurrence of an "IPO," a "Deemed Liquidation Event" or a "Stock Sale" (as each such term is defined in the Investor Rights Agreement); or (e) a sale, transfer or assignment to any third party who is not an Affiliate of Parent of any material rights relating to any Lixivaptan Product (including any applicable Lixivaptan Patent Right or Regulatory Approvals), other than, for the avoidance of doubt, sales of a Lixivaptan Product subject to royalties paid to Parent or its Affiliates by the relevant Selling Person measured as a percentage of sales.

"**GAAP**" means United States generally accepted accounting principles.

"**General Expiration Date**" has the meaning set forth in Section 8.1.

"**Governmental Body**" means the government of the United States of America and any state, commonwealth, territory, possession, county or municipality thereof, or the government of any political subdivision of any of the foregoing, the government or agency of any non-U.S. country, or any entity, authority, agency, ministry or other similar body exercising executive, legislative, judicial, regulatory or administrative authority or functions of or pertaining to government, including, in all cases, any authority or other quasi-governmental entity established to perform any of such functions.

"**Indebtedness**" means, without duplication, (i) any indebtedness for borrowed money, whether current or funded, or secured or unsecured, (ii) all outstanding obligations evidenced by bonds, monies, debentures, loan agreements, notes, letters of credit, bankers' acceptances, mortgage notes, guarantees, or similar instruments, (iii) all outstanding indebtedness representing the balance deferred and unpaid of the purchase price of any property (including all outstanding capital lease, direct financing lease and/or vendor financing obligations) but excluding trade payables, if and to the extent any of the foregoing would appear as a liability upon a balance sheet prepared in accordance with GAAP; (iv) under any interest rate, currency or other hedging agreements, to the extent payable if terminated at the Closing; (v) all accrued and unpaid interest or any breakage costs, premiums, fees, expenses, penalties or other amounts due with respect to the indebtedness above; (vi) any lease (or applicable portion thereof) that is required to be accounted for as a long-term capital lease on a balance sheet, prepared in accordance with GAAP, and any accrued interest and/or accrued financing fees thereon, and (vii) any indebtedness of a Person of a type referred to in clauses (i) through (vi) above and that is either guaranteed by, or secured by an Encumbrance upon any property or asset owned by, a Person.

"**Indemnification Cut-Off Date**" has the meaning set forth in Section 8.5(a).

"**Indemnified Party**" has the meaning set forth in Section 8.4.

"**Indemnifying Party**" has the meaning set forth in Section 8.4.

"**Independent Auditor**" has the meaning set forth in Section 2.6(c).

"**Indication**" means (a) an indication for hyponatremia associated with the Syndrome of Inappropriate Anti-Diuretic Hormone secretion or (b) an indication for hyponatremia associated with Congestive Heart Failure.

"**Initial Notice**" has the meaning set forth in Section 5.1.

"**Intellectual Property**" means (a) patents, trademarks, service marks, trade names, domain names, copyrights, designs and trade secrets, (b) applications for and registrations of such patents, trademarks, service marks, trade names, domain names, copyrights and designs, (c) Know-How, and (d) any and all intellectual property rights and similar proprietary rights in any jurisdiction, including all rights to sue for past, present and future infringement or misappropriation of any of the items in clauses (a), (b) and (c).

"**Investor Rights Agreement**" means the investors' rights agreement by and among Parent, Seller and the other parties thereto, substantially in the form attached hereto as Exhibit A.

"**IRS**" means the United States Internal Revenue Service.

"**Know-How**" means any information, results and data of any type whatsoever, in any tangible or intangible form or medium whatsoever (including in print, electronic or digital form), including databases, ideas, discoveries, inventions, trade secrets, practices, methods, tests, assays, techniques, specifications, processes, formulations, formulae, knowledge, know-how, skill, experience, materials, including pharmaceutical, chemical and biological materials, products and compositions, scientific, technical or test data (including pharmacological, biological, chemical, biochemical, toxicological and clinical test data), analytical and quality control data, stability data, studies and procedures, drawings, plans, designs, diagrams, sketches, technology, documentation and descriptions and all other technical and business information.

"**Law**" means any law, statute, code, executive order, licensing requirement, ordinance, common law, constitution, treaty, rule, regulation or other requirement of any Governmental Body, including any judgment, order, writ, injunction, ruling, decision or decree of, or any settlement under the jurisdiction of, any court or Governmental Body having the effect of law in each such jurisdiction.

"**Liabilities**" means any liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise requiring the payment or expenditure of money, including any Indebtedness, those arising under Law, those relating to Taxes and those arising under any Contract, other than obligations pursuant to the Pfizer License Agreement and the Merger Agreement.

"**Lixivaptan Patent Right**" means the rights and interests in and to the patents and patent applications set forth in Section 1.1 of the Disclosure Letter.

"**Lixivaptan Product**" means any pharmaceutical product containing the Compound as an active pharmaceutical ingredient.

"**Losses**" means, with respect to a Person, any and all losses, Liabilities, damages, claims, awards, judgments, amounts paid in settlement, costs and expenses (including reasonable attorney's fees) actually suffered, paid or incurred by such Person.

"**Marketing Approval**" means the approval by the FDA, the European Medicines Agency or the Brazil Health Surveillance Agency, as applicable (or similar or equivalent foreign Governmental Body) of a new drug application (or similar or equivalent application) for a Lixivaptan Product.

"**Material Adverse Effect**" means any change, circumstance or effect that is materially adverse to, or has a material adverse effect upon, the Company and its Subsidiary, provided that the following shall be excluded from any determination of whether a Material Adverse Effect has occurred or would reasonably be expected to occur: (a) any changes in (i) the United States or global economy generally or the capital or financial markets generally, (ii) political conditions in any country or jurisdiction or (iii) conditions affecting the pharmaceuticals industry generally; (b) any change or effect resulting from or arising in connection with this Agreement, the other Transaction Documents or the transactions contemplated hereby or thereby, including the announcement of such transactions or any effect of any action taken by Seller or any of its Affiliates with respect to such transactions; (c) any action required or permitted by this Agreement or the other Transaction Documents or any action taken (or omitted to be taken) with the consent of or at the request of Buyer (or because Buyer did not provide its consent); (d) any determination by, or delay of a determination by, the FDA or any other Governmental Body, or any panel or advisory body empowered or appointed thereby, or any indication that any such entity, panel or body will make any determination or delay in making any determination, with respect to the approvability, labeling, contents of package insert, prescribing information, risk management profile, pre-approval inspection matters or requirements relating to the results of any pre-clinical or clinical testing of any Lixivaptan Product; (e) any recommendations, statements or other pronouncements published or proposed by professional medical organizations or any Governmental Body, or any panel or advisory body empowered or appointed thereby, relating to any Lixivaptan Product or any of its competitors or potential competitors; (f) any changes or prospective changes in applicable Laws or accounting standards (including GAAP); and (g) any act of civil unrest, war or terrorism.

"**Material Contracts**" has the meaning set forth in Section 3.10(a).

"**Merger Agreement**" means that certain Agreement and Plan of Merger by and among Seller (f/k/a Cornerstone Therapeutics Inc.), Cohesion Merger Sub, Inc., the Company and Shareholder Representative Services LLC, dated as of December 28, 2011.

"**Net Sales**" means the gross amount invoiced for any sale of a Lixivaptan Product for any indication by a Selling Person to a non-Affiliate of the Selling Person or to an Affiliate of the Selling Person if such Affiliate is not itself a Selling Person, less the sum of the following deductions, in each case to the extent actually and reasonably allowed or incurred in connection with such sale of such Lixivaptan Product in accordance with GAAP:

(a) reasonable and customary trade, cash and quantity discounts off the invoiced price;

(b) all excise, sales and other consumption Taxes to the extent included in the invoice price; provided, however, that with respect to excise tax payments pursuant to Section 9008 of the Patient Protection and Affordable Care Act of 2010, any such deduction shall be limited to the proportionate share of such excise tax equal to the proportionate share that the aggregate sales of such Lixivaptan Product by such Selling Person during the period to which such excise tax relates bears to the aggregate sales of all products by such Selling Person subject to such excise tax;

(c) freight, insurance and other transportation charges to the extent included in the invoice price;

(d) amounts repaid, credited or accrued or allowances or adjustments made, by reason of returns, rejections, or recalls, or because of chargebacks, retroactive price reductions, or billing errors;

(e) reasonable and customary launch discounts, stocking fees and other discounts extended to wholesalers, distributors, chain drug stores and other third party organizations who distribute a Lixivaptan Product to pharmacies;

(f) reasonable and customary rebates and chargebacks to pharmacy benefit managers, federal, state, or local governments (or their agencies or purchasers), and managed health organizations (including Medicaid rebates); and

(g) any amounts actually written off or specifically identified as uncollected in accordance with GAAP;

solely to the extent the above deductions are taken in accordance with GAAP (or other similar generally accepted accounting principles used by any such Selling Person that is not a U.S. Person, consistently applied) applicable to the particular Selling Person.

Such amounts shall be determined from the books and records of the applicable Selling Person, maintained in accordance with GAAP (or other similar generally accepted accounting principles used by any such Selling Person that is not a U.S. Person, consistently applied). Sales of a Lixivaptan Product between or among the Selling Persons and/or Affiliates of Selling Persons for resale, or for use in the production or manufacture of a Lixivaptan Product, shall not be included within Net Sales; provided, however, that any subsequent sale of a Lixivaptan Product by any Selling Person or its Affiliates to another Person that is not a Selling Person shall be included within Net Sales.

Use of a Lixivaptan Product for promotional, sampling or compassionate use purposes or for use in clinical trials (but excluding post-approval clinical trials for which compensation is received by the Selling Person) shall not be considered in determining Net Sales.

In the case of any sale of a Lixivaptan Product for value other than in an arm's length transaction exclusively for cash, such as barter or counter-trade, Net Sales shall be calculated based on the fair market value of the consideration received; provided that (a) sales to a third party distributor, wholesaler, group purchasing organization, pharmacy benefit manager or retail chain customer who is a non-Affiliate of a Selling Person and does not need a license or sublicense in order to resell such Lixivaptan Product shall be considered sales to a non-Affiliate of the Selling Person and not to a sublicensee, and (b) Net Sales by a Selling Person to a consignee non-Affiliate of the Selling Person are not recognized as Net Sales by such Selling Person until such consignee sells the Lixivaptan Product.

In the event that a Lixivaptan Product is sold as part of a pharmaceutical product which comprises a Compound and other active compound(s) and/or ingredients (a "Combination Product"), the Net Sales of the Lixivaptan Product, for the purposes of determining Contingent Consideration Payments, shall be determined by multiplying the Net Sales of the Combination Product by the fraction, A / (A+B) where A is the weighted average sale price of the Lixivaptan Product where the Compound is the sole active ingredient when sold separately in finished form, and B is the weighted average sale price of the other product(s) or active ingredients sold separately in finished form.

In the event that the weighted average sale price of a Lixivaptan Product containing the Compound as the sole active ingredient can be determined but the weighted average sale price of the other product(s) or active ingredients cannot be determined, Net Sales for purposes of determining royalty payments shall be calculated by multiplying the Net Sales of the Combination Product by the fraction A / C where A is the weighted average sale price of the Lixivaptan Product where the Compound is the sole active ingredient when sold separately in finished form and C is the weighted average sale price of the Combination Product.

In the event that the weighted average sale price of the other product(s) or active ingredients can be determined but the weighted average sale price of the Lixivaptan Product containing the Compound as the sole active ingredient cannot be determined, Net Sales for purposes of determining royalty payments shall be calculated by multiplying the Net Sales of the Combination Product by the following formula: 1- (B / C) where B is the weighted average sale price of the other product(s) or active ingredients when sold separately in finished form and C is the weighted average sale price of the Combination Product.

In the event that the weighted average sale price of both the Lixivaptan Product containing the Compound as the sole active ingredient and the other product(s) or active ingredients in the Combination Product cannot be determined, the Net Sales of the Lixivaptan Product will be negotiated by the Parties in good faith. If the parties cannot reach agreement on the appropriate allocation, the Net Sales of the Lixivaptan Product will be deemed to be equal to fifty percent (50%) of the Net Sales of the Combination Product.

The weighted average sale price for a Lixivaptan Product containing the Compound as the sole active ingredient, other product(s) or active ingredients, or Combination Product shall be calculated once each calendar year and such price shall be used during all applicable Contingent Consideration Periods for the entire following calendar year. When determining the weighted

average sale price of a Lixivaptan Product containing the Compound as the sole active ingredient, other product(s) or active ingredients, or Combination Product, the weighted average sale price shall be calculated by dividing the sales dollars by the units of active ingredient sold during the twelve (12) months (or the number of months sold in a partial calendar year) of the preceding calendar year for the respective Lixivaptan Product containing the Compound as the sole active ingredient, other product(s) or active ingredients, or Combination Product. In the initial calendar year, a forecasted weighted average sale price will be used for the Lixivaptan Product containing the Compound as the sole active ingredient, other product(s) or active ingredients, or Combination Product. Any over or under payment due to a difference between forecasted and actual weighted average sale prices will be paid or credited in the first Contingent Consideration Payment of the following calendar year.

With respect to sales of a Lixivaptan Product or combination product invoiced in United States dollars, Net Sales shall be expressed in United States dollars. With respect to sales not invoiced in United States dollars, Net Sales shall be converted to U.S. dollars using the applicable exchange rate as published by The Wall Street Journal, Eastern Edition on the last Business Day of the calendar quarter in which such sales are made.

"**Non-controlling Party**" has the meaning set forth in Section 8.4.

"**Novation and Waiver Agreement**" means the novation and waiver agreement among Parent, Seller and Shareholder Representative Services LLC substantially in the form attached hereto as Exhibit B.

"**Ordinary Course of Business**" means, with respect to the Company and its Subsidiary, the ordinary course of their business consistent with past practice.

"**Outside Date**" has the meaning set forth in Section 7.1(b).

"**Parent**" has the meaning set forth in the Preamble.

"**Parent Common Stock**" means the common stock, par value $0.00001 per share, of Parent.

"**Parent Confidentiality Agreement**" has the meaning set forth in Section 5.8.

"**Parent Parties**" has the meaning set forth in the Preamble.

"**Parent's Knowledge**" or any other similar knowledge qualification means the actual knowledge of Lorenzo Pellegrini.

"**Permitted Encumbrances**" means (a) liens for Taxes not yet due and payable or being contested in good faith by appropriate procedures, (b) mechanics, carriers', workmen's, repairmen's or other like liens arising or incurred in the Ordinary Course of Business, or (c) liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the Ordinary Course of Business, or (d) other imperfections of title or Encumbrances, if any, that have not had, and would not have, a Material Adverse Effect.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or Governmental Body.

"**Pfizer License Agreement**" means that certain License Agreement, by and between Wyeth, acting through its Wyeth Pharmaceuticals Division (and each successor thereof), and Cardiokine Biopharma, LLC (as assignee of the Company), dated March 15, 2004, as amended May 3, 2004, as further amended October 14, 2004, as further amended June 21, 2007, as further amended February 6, 2008 and as further amended December 27, 2011.

"**Pre-Closing Tax Period**" means any taxable period (or portion thereof) ending on or before the Closing Date.

"**Pre-Closing Taxes**" means (A) any Liability for Taxes of Seller; (B) any Liability for Taxes of the Company or its Subsidiary for the Pre-Closing Tax Period (including any Taxes imposed under Section 1374 or 1375 of the Code or any corresponding or similar provision of state, local or foreign Tax Law); (C) any Liability for Taxes of any member of any consolidated, combined or unitary or aggregate group of which the Company or its Subsidiary is or has been a member on or prior to the Closing Date, including pursuant to Treasury Regulation Section 1.1502-6 (or any corresponding or similar provision of state, local or foreign Tax Law); (D) any Taxes of any other Person imposed on the Company or its Subsidiary as a transferee or successor, by Contract or otherwise; (E) any withholding Taxes imposed with respect to any payments made pursuant to this Agreement; or (F) any Liability for Taxes attributable to the failure of any representation or warranty set forth in Section 3.7 (determined without regard to disclosure related thereto in the Disclosure Letter) to be true and correct in all respects or a breach of any covenant set forth in Section 5.10.

"**Pricing Approval**" means the approval, agreement, determination or governmental decision establishing the price or level of reimbursement for the relevant pharmaceutical or biological product, if required in the relevant country or jurisdiction prior to sale of such product in such country or jurisdiction.

"**Prior Company Counsel**" has the meaning set forth in Section 9.12.

"**Regulatory Approval**" means, with respect to a pharmaceutical or biological product and a country or jurisdiction, any approval, registration, license or authorization that is required by the applicable Governmental Body to market and sell such pharmaceutical or biological product in such country or jurisdiction, including Pricing Approval.

"**Representative**" means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

"**Right of First Refusal and Co-Sale Agreement**" means the right of first refusal and co-sale agreement by and among Parent, Seller and the other parties thereto, substantially in the form attached hereto as Exhibit F.

"**ROFN Notice**" has the meaning set forth in Section 5.1.

"**ROFN Term**" means, with respect to any indication for a Lixivaptan Product and any ROFN Territory identified in a ROFN Notice, the period of time beginning when Buyer receives an ROFN Notice from Chiesi, if any such notice is received within the time frame provided in Section 5.1, and expires at 11:59 p.m. Eastern Time on the day that is six (6) months from the date of the ROFN Notice.

"**ROFN Territory**" has the meaning set forth in Section 5.1.

"**Securities Act**" means United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Seller**" has the meaning set forth in the Preamble.

"**Seller Indemnified Party**" has the meaning set forth in Section 8.3.

"**Seller's Knowledge**" or any other similar knowledge qualification means the actual knowledge of Michael Gordon, Amy Diebler, Alan Roberts, or Jonathan Williams.

"**Selling Person**" means Buyer, each of its Affiliates and each (a) licensee, sublicensee, assignee or other grantee of rights from Buyer or any of its Affiliates or another Selling Person to develop, market or sell a Lixivaptan Product, (b) buyer, transferee or assignee of any Lixivaptan Product or Intellectual Property that the Company or its Subsidiary owns, licenses, sublicenses or otherwise possesses legally enforceable rights to use, excluding, for the avoidance of doubt, any third party distributor, wholesaler, group purchasing organization, pharmacy benefit manager or retail chain customer, (c) Person (other than Buyer and its Affiliates) with whom Buyer or any of its Affiliates directly or indirectly consummates a sale, transfer or assignment to any third party who is not an Affiliate of Buyer of any material rights relating to any Lixivaptan Product, other than, for the avoidance of doubt, sales of a Lixivaptan Product subject to royalties paid to Buyer or its Affiliates by the relevant Selling Person measured as a percentage of sales or (d) any Affiliate of the foregoing.

"**Series A Preferred Stock Purchase Agreement**" means that certain Series A Preferred Stock Purchase Agreement, dated as of the date hereof, by and among Parent, Index Ventures Life VI (Jersey), L.P., and other purchasers listed on the signature pages thereto.

"**Shares**" has the meaning set forth in the Recitals.

"**Statutory Expiration Date**" has the meaning set forth in Section 8.1.

"**Straddle Period**" means any taxable period beginning on or before and ending after the Closing Date.

"**Subsidiary**" of a Person means any corporation more than fifty percent (50%) of whose outstanding voting securities, or any partnership, limited liability company, joint venture or other entity more than fifty percent (50%) of whose total equity interest, is directly or indirectly owned by such Person.

"**Tax Attribute**" has the meaning set forth in Section 3.7(q).

"**Taxes**" means all taxes, duties, charges, fees, levies, registrations or other assessment imposed by any Governmental Body or other taxing authority, including income, gross receipts, value-added, excise, withholding, personal property, real estate, escheat, environmental, sale, use, ad valorem, license, lease, service, severance, stamp, transfer, payroll, employment, customs, duties, alternative, add-on minimum, estimated and franchise taxes (including any interest, penalties or additions attributable to or imposed on or with respect to any such assessment) and including any liability for the payment of the foregoing obligations of another Person as a result of (a) being or having been a member of an affiliated, consolidated, combined, unitary or aggregate group of corporations; (b) being or having been a party to any tax sharing agreement or any express or implied obligation to indemnify any Person; and (c) being or having been a transferee, successor, or otherwise assuming the obligations of another Person to pay the foregoing amounts.

"**Tax Returns**" means any report, return, document or other filing (including estimated reports, returns, schedules or statements) required to be supplied to any taxing authority or jurisdiction (supranational, national, federal, provincial, state, municipal or local, domestic or foreign) with respect to Taxes, as well as any amendment thereof.

"**Third Party Term Sheet**" has the meaning set forth in Section 5.2.

"**Third Party Term Sheet Notice**" has the meaning set forth in Section 5.2.

"**Transfer Taxes**" has the meaning set forth in Section 5.10(d).

"**Transaction Documents**" means this Agreement, the Financing Agreements, the Novation and Waiver Agreement and the Warrant.

"**Valid Claim**" means (a) a claim of an issued and unexpired patent that has not been permanently revoked or declared unenforceable or invalid by an unreversed and unappealable or unreversed and unappealed decision of a court or other Governmental Body or authority of competent jurisdiction and that is not admitted to be invalid or unenforceable through reissue, disclaimer or otherwise (i.e., only to the extent the subject matter is disclaimed or is sought to be deleted or amended through reissue), or (b) a claim of a pending patent application, which claim has not been irretrievably revoked, cancelled, withdrawn or abandoned, or finally disallowed without the possibility of appeal or refiling of such application (or which is not appealed or refiled within the time allowed for appeal); provided, however, that unless and until a pending patent issues, "Valid Claim" will exclude any such pending claim in an application that has not been granted within five (5) years following the filing date for such application.

"**Voting Agreement**" means the voting agreement by and among Parent, Seller and the other parties thereto, substantially in the form attached hereto as Exhibit E.

"**Warrant**" has the meaning set forth in Section 2.2(c)(vi).

ARTICLE II

PURCHASE AND SALE OF THE SHARES

Section 2.1 Agreement to Sell and Purchase. Subject to the terms and conditions set forth herein, at the Closing, Seller shall sell to Buyer, and Buyer shall purchase from Seller, the Shares for the consideration specified in this Article II.

Section 2.2 Closing; Closing Deliveries.

(a) The consummation of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, L.L.P. at 10:00 a.m. on the date which is two (2) Business Days following the date on which all conditions to Closing set forth herein have been satisfied or waived in accordance with their terms, or at such other place or at such other time as may be mutually agreed upon by the parties. The date on which the Closing occurs is referred to herein as the "Closing Date."

(b) At the Closing, Seller will deliver to Buyer:

(i) a certificate of the Secretary or Assistant Secretary of Seller, dated as of the Closing Date, certifying (A) true and complete copies and the effectiveness as of the Closing Date of (1) the resolutions of Seller's Board of Directors unanimously approving the Transaction Documents and the transactions contemplated thereby, (2) the certificate of incorporation of Seller and the Company and (3) the current bylaws of Seller and the Company and (B) the name, title, incumbency and signatures of the officers authorized to execute the Transaction Documents and any other documents delivered in connection therewith to which Seller or an Affiliate of Seller is a party;

(ii) certificates of good standing for Seller and the Company from the Secretary of State of the State of Delaware, dated as of a date no more than ten (10) Business Days prior to the Closing Date;

(iii) written letters of resignation from each of the current officers, directors and managers, as applicable, of the Company and its Subsidiary, in each case, effective on the Closing;

(iv) a stock certificate representing all of the Shares, free and clear of all Encumbrances, duly endorsed in blank or accompanied by stock powers or other instruments of transfer duly executed in blank, with any required tax stamps affixed thereto;

(v) the Financing Agreements, each duly executed by Seller;

(vi) the Novation and Waiver Agreement, duly executed by Seller;

(vii) evidence of all consents, waivers and approvals from, notices to, or novations with any third parties set forth on Section 2.2(b)(vii) of the Disclosure Letter;

(viii) a duly executed IRS Form 8023 signed by Seller and comparable state or local Tax forms requested by Buyer (in a form reasonably acceptable to Buyer) with respect to the purchase and sale of the Shares; and

(ix) a duly authorized and executed certificate from the Company in accordance with Treasury Regulations Sections 1.1445-2(c).

(c) At the Closing, Buyer will deliver to Seller:

(i) certificates of the Secretary or Assistant Secretary of each Parent Party, dated as of the Closing Date, certifying (A) true and complete copies and the effectiveness as of the Closing Date of (1) the resolutions of each Parent Party's Board of Directors unanimously approving the Transaction Documents to which such Parent Party is a party and the transactions contemplated thereby, (2) the certificate of incorporation of each Parent Party and (3) the current bylaws of each Parent Party and (B) the name, title, incumbency and signatures of the officers authorized to execute the Transaction Documents and any other documents delivered in connection therewith to which each such Parent Party or an Affiliate is a party;

(ii) a certificate of good standing for each Parent Party from the Secretary of State of the State of Delaware, dated as of a date no more than ten (10) Business Days prior to the Closing Date;

(iii) a certificate representing the shares of Parent Common Stock to be issued to Seller at the Closing, free of all Encumbrances, duly executed, with any required tax stamps affixed thereto;

(iv) the Financing Agreements, each duly executed by each Parent Party to which such Parent Party is a party and the other parties thereto (other than Seller);

(v) the Novation and Waiver Agreement, duly executed by Parent and Shareholder Representative Services LLC; and

(vi) a warrant, substantially in the form attached hereto as Exhibit C, exercisable for shares of Parent Common Stock (the "Warrant").

Section 2.3 Closing Consideration. At the Closing, Buyer will deliver to Seller a stock certificate representing a number of shares of Parent Common Stock representing ten percent (10%) of Parent's outstanding capitalization on a fully diluted, as-converted basis (including shares issuable upon exercise or conversion of stock options, warrants or other convertible or exercisable securities and shares reserved for issuance under any equity compensation plan, including any employee stock ownership plan, whether or not such shares are subject to existing stock option grants) as of the Closing Date, free and clear of all Encumbrances, duly endorsed in blank or accompanied by stock powers or other instruments of transfer duly executed in blank, with any required tax stamps affixed thereto.

Section 2.4 Contingent Consideration.

(a) In addition to the securities Buyer is required to deliver to Seller pursuant to Section 2.3, Buyer shall pay cash consideration during the Contingent Consideration Period to Seller in accordance with the terms of this Section 2.4 (all such payments, together, the "Contingent Consideration Payments").

(b) Unless and until Buyer or any of its Affiliates has received Marketing Approval in the United States for any Lixivaptan Product for either Indication, Buyer will make cash payments to Seller in amounts equal to the following percentages of total worldwide Net Sales during each calendar quarter during the Contingent Consideration Period:

[####]	[####]
[####]	[####]
[####]	[####]
[####]	[####]

(c) If Buyer or any of its Affiliates receives Marketing Approval in the United States for any Lixivaptan Product for either Indication, Buyer will, with respect to any Net Sales following the receipt of such approval, make cash payments to Seller in amounts equal to the following percentages of total worldwide Net Sales during each calendar quarter during the Contingent Consideration Period:

[####]	[####]
[####]	[####]
[####]	[####]
[####]	[####]

(d) Contingent Consideration Payments pursuant to this Section 2.4 shall exclude any Net Sales generated by or on behalf of Seller in connection with any agreement to commercialize any Lixivaptan Product that is entered into following Seller's exercise of its right of first negotiation or right of first refusal as provided in Section 5.1 or Section 5.2 of this Agreement.

(e) [####]

Section 2.5 Overdue Payments. Any undisputed amounts payable by Buyer or any of its Affiliates under this Agreement that are not paid when due shall bear interest from the due date until the date of payment thereof at [####] compounded monthly, provided that interest shall not accrue at a rate that exceeds the maximum rate permitted by applicable Law.

Section 2.6 Reporting.

(a) Whenever Buyer provides (i) written reports of the efforts of the Selling Persons to achieve each of the Diligence Objectives and its progress with respect thereto under the Merger Agreement or the Pfizer License Agreement, (ii) notice of achievement of any of the Diligence Objectives, or (iii) any notices or other correspondence delivered under the Merger Agreement or the Pfizer License Agreement, Buyer shall simultaneously provide a copy of such report to Seller.

(b) Until the end of the Contingent Consideration Period, and thereafter as needed for any audit requested with respect to the Contingent Consideration Period (collectively, the "Audit Period"), Buyer shall, and shall cause its Affiliates to, keep such reasonably complete and accurate books and records as may be necessary to ascertain (i) the efforts of Selling Persons to achieve the Diligence Objectives and (ii) the amounts of any payments owed hereunder. From and after the Closing, Buyer and its Affiliates shall include in their agreements with Selling Persons (other than Buyer and its Affiliates) provisions requiring efforts consistent with those required under this Section 2.6(b) by Buyer and its Affiliates and shall use commercially reasonable efforts to enforce such provisions. During the Audit Period, (x) for each calendar quarter in which Contingent Consideration Payments are due or with respect to which a Contingent Consideration Payment is calculated, Buyer shall furnish Seller with a quarterly report of the Contingent Consideration Payment due during such quarter or calculated with respect to such quarter, and all relevant information required to calculate such Contingent Consideration Payment, within sixty (60) days after the end of each calendar quarter; and (y) for each other calendar quarter, Buyer shall furnish Seller with a written notice that no Contingent Consideration Payment is due. Each report pursuant to clause (x) shall include (A) Net Sales during such calendar quarter, broken out on a United States and rest-of-world basis, (B) the "gross to net" adjustments with respect to the calculation of Net Sales for such calendar quarter; provided, however, that the requirement to provide such a "gross to net" adjustment shall not apply if it would require the disclosure of trade secrets, and (C) if any deduction is made to Net Sales during such calendar quarter pursuant to clause (ii) of the definition of Net Sales, an explanation of how the share of the excise tax deducted pursuant to such clause (ii) was allocated to Lixivaptan Product sales.

(c) Upon the written request of Seller, Buyer shall, and shall cause its Affiliates to, permit an independent public accountant (the "Independent Auditor") selected by Seller and reasonably satisfactory to Buyer, at Seller's expense (subject to the reimbursement obligation described below in this paragraph, if applicable), to have reasonable access solely in response to a request made with respect to the Audit Period, upon reasonable prior notice and during normal business hours, but no more than once during any calendar year, to inspect the records specified in Section 2.6(b) the purpose of determining the accuracy of the reports described in Section 2.6(a) and Section 2.6(b). All results of any such audit shall be promptly

made available to Buyer. The cost of this examination and audit will be borne by the Seller unless the Independent Auditor concludes that any Contingent Consideration Payment based on the audit is 105% or greater of the Contingent Consideration Payment reported by Buyer for such reporting period, in which case Buyer shall promptly reimburse Seller for the reasonable out-of- pocket costs of the audit and shall promptly pay Seller the underreported portion of Contingent Consideration Payments that were not paid. If the Independent Auditor concludes that any Contingent Consideration Payment reported by Buyer is 105% or greater of the Contingent Consideration Payment based on the audit for such reporting period, Seller shall promptly pay Buyer the overreported portion of Contingent Consideration Payments that were paid, less any amounts paid or payable by Seller in connection with the cost of the examination and audit. From and after the Closing, Buyer shall (i) include in its agreements with Selling Persons (other than Buyer and its Affiliates) provisions providing Buyer with inspection rights consistent with those provided to Seller under this Section 2.6(c), such inspections to be conducted by Buyer at its expense through an Independent Auditor selected by Buyer and reasonably satisfactory to Seller, (ii) use commercially reasonable efforts to enforce such provisions, and (iii) promptly provide Seller with the results of any such inspection.

(d) Any nonpublic records, data, results, reports and other information granted access to or disclosed pursuant to this Section 2.6 shall be treated in accordance with Section 5.8.

(e) Notwithstanding anything to the contrary contained herein, the provisions of this Section 2.6 shall not preclude Seller from pursuing indemnification for the breach of any representation, warranty or covenant pursuant to Article VIII or any matters otherwise indemnifiable thereunder.

Section 2.7 Commercialization Diligence.

(a) In furtherance and not in limitation of the obligations under the Merger Agreement and the Pfizer License Agreement, from and after the Closing Date, Buyer shall, and shall cause its applicable Affiliates and Selling Persons to, use Commercially Reasonable Efforts to (i) obtain Marketing Approval for a Lixivaptan Product and commercialize a Lixivaptan Product in the United States, and (ii) obtain Regulatory Approval for a Lixivaptan Product in Europe and commercialize a Lixivaptan Product in Europe (each of clause (i) and (ii), a "Diligence Objective"). As used in this Section 2.7, "Commercially Reasonable Efforts" means (i) commercially reasonable efforts and resources that are of a substantially similar level of effort and resources that pharmaceutical companies of size and resources comparable to those of Buyer and its Affiliates, collectively, typically exercise to accomplish a similar objective under similar circumstances with respect to drugs or drug candidates of similar commercial potential at a similar stage in their development or product lifestyle to that of the Compound or the relevant Lixivaptan Product, taking into account all relevant factors at the time such efforts are expended, which may include, as applicable, efficacy, safety, approved labeling, the competitiveness of alternative products in the marketplace, the patent and other proprietary position of the drugs or drug candidates, the likelihood of Marketing Approval or Regulatory Approval and the expected financial return, profitability and commercial potential of the drugs or drug candidates, but disregarding any financial obligations that are owed to third parties under the Merger Agreement, or (ii) any greater obligations imposed by the Merger Agreement or the Pfizer License Agreement to achieve the achieve the Diligence Objectives.

(b) Buyer will provide Seller with a summary written progress report discussing material developments concerning any Lixivaptan Product at least once per calendar year, provided that in any case, the interval between such annual reports shall not exceed eighteen (18) months.

(c) Any nonpublic records, data, results, reports and other information granted access to or disclosed pursuant to this Section 2.7 shall be treated in accordance with Section 5.8.

Section 2.8 Contingent Consideration Payments Not a Security. The Contingent Consideration Payments are contingent payments subject to the terms and conditions of this Agreement and the parties do not intend for the contingent right of Seller to receive Contingent Consideration Payments to be a security. Accordingly, the contingent right of Seller to receive Contingent Consideration Payments (i) shall not be represented by a certificate, (ii) does not represent an ownership interest in Buyer, Company or its Subsidiary, (iii) does not entitle a Seller to any rights common to equityholders of Buyer, Company or its Subsidiary and (iv) is a non-interest bearing contingent payment. Seller acknowledges and agrees that (A) achieving the Diligence Objectives may not occur in spite of the exercise of Commercially Reasonable Efforts by Buyer and its Affiliates and Selling Persons, (B) the amount of Net Sales, if any, that may be generated is uncertain, (C) that no Net Sales may be generated in any Contingent Consideration Period in spite of the exercise of Commercially Reasonable Efforts by Buyer and its Affiliates and Selling Person, (D) there is no assurance that Seller will receive any Contingent Consideration Payments, (E) other than pursuant to the terms of this Agreement, Buyer has not promised or projected any amounts to be received by Seller in respect of any Contingent Consideration Payments, and Seller has not relied on any statements or information provided by or on behalf of Buyer or its Affiliates or Representatives with respect to the potential sales or value of the Compound or any Lixivaptan Product, and (F) Buyer and its Affiliates will have the exclusive right to operate the business of the Company and make decisions with respect to the development and commercialization of any Lixivaptan Product or any component thereof, subject to complying with the diligence and other obligations under this Agreement.

Section 2.9 Withholding Rights. Each of the Company, its Subsidiary and Buyer and any of their Affiliates shall be entitled to deduct and withhold from any payment of Contingent Consideration Payments to any Person under this Agreement such amounts as it is then required under applicable Law to deduct and withhold for Tax purposes with respect to the making of such payment and to otherwise comply with any other Tax withholding obligation then required under applicable Law with respect to the transactions contemplated by this Agreement. To the extent that amounts are so withheld or deducted, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to such Person in respect of which such deduction and withholding was made. Each of the Company, its Subsidiary and Buyer and any of their Affiliates, as the case may be, shall pay over to the appropriate Governmental Body all amounts withheld under this Section 2.9.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as may be set forth in the Disclosure Letter, Seller represents and warrants to the Parent Parties as of the date hereof as follows, provided, however, that in no event shall any of the representations and warranties in this Article III apply to any time period, events, facts, matters or circumstances occurring prior to December 30, 2011:

Section 3.1 Organization; Power and Authority; Capital Structure.

(a) The Company is a corporation duly organized and validly existing and in good standing under the laws of the State of Delaware. The Company is duly qualified to transact business and is in good standing in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary, except where the failure to be so qualified or in good standing has not had and would not reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to carry on its business as currently conducted by it.

(b) Seller is a corporation duly organized and validly existing and in good standing under the laws of the State of Delaware. The Seller has the corporate power and authority to enter into and perform this Agreement and the other Transaction Documents and to carry out the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by Seller, and this Agreement constitutes a legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms.

(c) The authorized capital stock of the Company consists of One Hundred (100) shares of Common Stock, all of which are issued and outstanding and constitute the Shares. All of the Shares have been duly authorized, are validly issued, fully paid and non- assessable, and are owned of record and beneficially by Seller, free and clear of all Encumbrances. Upon consummation of the transactions contemplated by this Agreement, Buyer shall own all of the Shares, free and clear of all Encumbrances. There are no outstanding subscriptions, options, warrants, commitments, preemptive rights, deferred compensation rights, agreements, arrangements or commitments of any kind to which the Company is a party relating to the issuance of, or outstanding securities convertible into or exercisable or exchangeable for, any shares of capital stock of any class or other equity interests of the Company. There are no agreements to which the Company is a party with respect to the voting of any shares of capital stock of the Company or which restrict the transfer of any such shares. There are no outstanding contractual obligations of the Company to repurchase, redeem or otherwise acquire any shares of its capital stock, other equity interests or any other securities of the Company. All of the Shares were issued in compliance with applicable Laws. None of the Shares were issued in violation of any agreement, arrangement or commitment to which Seller or the Company is a party or is subject to or in violation of any preemptive or similar rights of any Person.

Section 3.2 Subsidiaries. The Company's sole Subsidiary is listed in Section 3.2 of the Disclosure Letter. The Company is the owner of record and beneficially of all of the outstanding equity interests in its Subsidiary, free and clear of all Encumbrances. Neither the Company nor its Subsidiary owns, directly or indirectly, any capital stock, equity or other ownership interest in any other Person. The Company's Subsidiary is limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware and has all requisite limited liability company power and authority to own, operate or lease its properties and to carry on its business as currently conducted. Such Subsidiary is duly licensed or qualified to do business as a foreign organization under the Laws of each jurisdiction listed in Section 3.2 of the Disclosure Letter and each other jurisdiction in which the character of its properties or in which the conduct of its business makes such qualification necessary, except where the failure to be so licensed or qualified has not had and would not reasonably be expected to have a Material Adverse Effect. The copies of the organizational documents of the Company's Subsidiary, in each case as amended to date and made available to Buyer's counsel, are complete and correct, and no amendments thereto are pending.

Section 3.3 No Conflict; Consents.

(a) The execution and delivery by Seller of this Agreement and the other Transaction Documents and the performance by Seller of the transactions contemplated hereby and thereby in accordance with the terms hereof and thereof do not and will not (i) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a material default under, result in the acceleration of or create in any party the right to accelerate, terminate, materially modify or cancel any Material Contract to which Seller or the Company is a party or by which Seller or the Company is bound or to which any of their respective properties and assets are subject or any permit affecting the properties, assets or business of the Company, (ii) conflict with, or result in any violation of, any provision of the certificate of formation, operating agreement, charter, bylaws or comparable instrument of Seller, the Company or the Company's Subsidiary; or (iii) violate or result in a violation of, or constitute a default under, any provision of any Law, or any order of, or any restriction imposed by, any Governmental Body, except in the case of clauses (i) and (iii), where the circumstances giving rise to any failure of the representations and warranties contained in such clauses to be true and correct have not had, and would not reasonably be expected to have, individually or in the aggregate, a material impact on the Company or its Subsidiary.

(b) No notice to, declaration or filing with or material consent or approval of any Governmental Body is required by or with respect to Seller, the Company or the Company's Subsidiary in connection with the execution and delivery by Seller of this Agreement or the other Transaction Documents or the consummation by Seller of the transactions contemplated hereby and thereby in accordance with the terms hereof and thereof, except for such notices or approvals that have been obtained or made or that, if not obtained or made, would not reasonably be expected to have a Material Adverse Effect.

Section 3.4 Investment Status.

(a) Seller is acquiring the Parent Common Stock issuable under the Transaction Documents for investment and not with a view to, or for sale in connection with, any distribution thereof in violation of the Securities Act or any other Law. Seller understands that Buyer has not registered the Parent Common Stock under the Securities Act, or under the Laws

of any other jurisdiction (including the blue sky or securities laws of any state of the United States), that the Parent Common Stock constitutes "restricted securities" under the Securities Act and that the Parent Common Stock constitutes an illiquid investment, and Seller agrees that it will not sell any of the Parent Common Stock unless the Parent Common Stock is registered under applicable securities Laws, or exempt pursuant to exemptions from registration thereunder, and such sale otherwise complies with all applicable Laws of relevant jurisdictions. Seller further understands that, in view of the foregoing restrictions on dispositions of the Parent Common Stock, Seller will be required to bear the economic risks of its ownership of the Parent Common Stock for an indefinite period of time. Seller has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risk of its investment.

(b) Seller is acquiring the Parent Common Stock for its own account and not for the account of any other Person and shall not sell the Parent Common Stock or enter into any other arrangement pursuant to which any other Person shall be entitled to a beneficial interest in the Shares without complying with all applicable requirements of applicable Law.

(c) Seller is an "accredited investor" (as defined in Rule 501 under the Securities Act).

Section 3.5 Material Liabilities; Operations.

(a) As of the date hereof, neither the Company nor its Subsidiary has any Liabilities greater than $100,000 in the aggregate that are required to be recorded on a balance sheet prepared in accordance with GAAP, except (i) those which are adequately reflected or reserved against in the latest balance sheet of the Company as of June 30, 2016, (ii) those set forth on Section 3.5(a) of the Disclosure Letter or (iii) those arising under any Material Contract (which shall be the subject of Section 3.10).

(b) Since February 4, 2014, the Company and its Subsidiary have operated only in the Ordinary Course of Business in all material respects.

Section 3.6 Litigation. As of the date hereof and since March 31, 2014, neither the Company nor its Subsidiary is (a) a party to (either as plaintiff or defendant) any litigation, action, suit, proceeding, claim, arbitration or investigation pending or, to Seller's Knowledge, threatened in writing against the Company or its Subsidiary or (b) subject to any outstanding writ, order, judgment, injunction or decree.

Section 3.7 Taxes.

(a) The Company and its Subsidiary have timely filed or been included in all Tax Returns required to be filed by them or in which they are required to be included with respect to Taxes for any period ending on or before the Closing Date, taking into account any extension of time to file granted to or obtained on behalf of the Company or its Subsidiary.

(b) The Company and its Subsidiary have paid or caused to be paid or have accrued all Taxes due and owing by the Company and its Subsidiary.

(c) Neither the IRS nor any other Governmental Body has asserted by written notice to the Company or its Subsidiary as of the date hereof any deficiency or claim for any amount of additional Taxes that has not yet been resolved.

(d) To Seller's Knowledge, no audits or other administrative proceedings or court proceedings are pending or threatened with regard to any Taxes or Tax Returns of the Company or its Subsidiary, and neither the Company nor its Subsidiary has received a written notice of any such audits or proceedings.

(e) There are no liens for Taxes upon the assets of the Company or its Subsidiary, except for Permitted Encumbrances. Neither the Company nor its Subsidiary has executed (or is subject to) any waiver currently in effect or comparable consents regarding the application of the statute of limitations for any Taxes or Tax Returns, and no request for an extension of time in which to file any Tax Return is outstanding.

(f) No claim has ever been made by any Governmental Body in a jurisdiction where the Company or its Subsidiary does not file Tax Returns that the Company or its Subsidiary is or may be subject to taxation by that jurisdiction or that the Company or its Subsidiary must file Tax Returns.

(g) Each of the Company and its Subsidiary has withheld and paid over to the proper Governmental Body all Taxes required to have been withheld and paid over, and complied with all information reporting and backup withholding requirements, including maintenance of required records with respect thereto.

(h) Neither the Company nor its Subsidiary is or has been at any time, a party to a Tax sharing, Tax indemnity or Tax allocation Contract, and neither the Company nor its Subsidiary has assumed any Tax Liability of any other Person under any Contract.

(i) Neither the Company nor its Subsidiary will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any: (i) intercompany transactions or excess loss accounts described in Treasury regulations under Section 1502 of the Code (or any similar provision of state, local, or foreign Tax Law); (ii) installment sale or open transaction disposition made on or prior to the Closing Date; (iii) prepaid amount received on or prior to the Closing Date; (iv) application of Code Section 481 or Section 263A (or any corresponding or similar provision of state, local or foreign Tax Law) to transactions or events occurring, or accounting methods employed, prior to or on the Closing Date; (v) "closing agreement," as described in Code Section 7121 (or any corresponding or similar provision of state, local or foreign Tax Law), executed on or prior to the Closing Date; or (vi) election under Section 108(i) of the Code

(j) Neither the Company nor its Subsidiary (i) has been a member of an affiliated group of corporations filing Tax Returns on a combined, unitary or consolidated basis, other than the affiliated group of which the Seller is the common parent, (ii) owns, directly or indirectly, any interest or investment (whether equity or debt) in any corporation, partnership, limited liability company, trust joint venture or other legal entity (other than with respect to the Company's ownership of its Subsidiary), and (iii) has any Liability for the Taxes of any Person or other taxpayer under Treasury Regulation Section 1.1502-6 (or any similar provision of any other Law), as a transferee or successor, or otherwise.

(k) Neither the Company nor its Subsidiary has been the "distributing corporation" or "controlled corporation" (within the meaning of Section 355 of the Code) with respect to a transaction described in Section 355 of the Code within the five-year period ending as of the date of this Agreement.

(l) Neither the Company nor its Subsidiary has a "permanent establishment" in a country outside of its country of "residence," as such terms are defined in any applicable Tax treaty or convention.

(m) No asset (including goodwill) of the Company or its Subsidiary is, or immediately after the Closing will be, excluded from the definition of "amortizable section 197 tangible" by operation of Section 197(f)(9) of the Code and the Treasury Regulations thereunder.

(n) Since its formation, the Subsidiary of the Company has been classified, for U.S. federal income tax purposes and state and local tax purposes, as a disregarded entity within the meaning of Treasury Regulation Sections 301.7701-2 and -3.

(o) Seller is eligible to join with Buyer in making the Section 338 Elections with respect to the acquisition of the Company pursuant to this Agreement.

(p) Neither the Company nor its Subsidiary has consummated or participated in, and is not currently participating in, any transaction which was or is a "listed transaction" or a "reportable transaction" as defined in Section 6707A of the Code or Treasury Regulation Section 1.6011-4(b) or any transaction requiring disclosure under a corresponding or similar provision of state, local or foreign Law.

(q) The representations and warranties set forth in this Section 3.7 and in Section 3.8 and Section 3.9(b) shall constitute the only representations and warranties by the Company with respect to Taxes, and, except with regard to the representation and warranty set forth in Section 3.7(m), the Company makes no representation or warranty regarding the amount, value or condition of, or any limitations on, any Tax asset or attribute of the Company, including but not limited to net operating losses, (each, a "Tax Attribute"), or the ability of Buyer or any of its Affiliates to utilize such Tax Attributes after the Closing.

Section 3.8 Employees and Benefit Plans.

(a) Since February 4, 2014, neither the Company nor its Subsidiary has had any employees or has sponsored, maintained or participated in any "employee benefit plans," as such term is defined in Section 3(3) of ERISA (the "Benefit Plans") and does not have and would not reasonably be expected to have any liability with respect to any Benefit Plans.

(b) The Company and its Subsidiary are in compliance in all material respects with all applicable federal, state and other Laws respecting employment and employment practices, terms and conditions of employment and wages and hours.

(c) The representations and warranties set forth in this Section 3.8 shall constitute the only representations and warranties by Seller with respect to Benefit Plans, employment matters and labor matters.

Section 3.9 Real and Personal Property.

(a) Neither the Company nor its Subsidiary owns or leases any real property.

(b) Except with respect to leased personal property, the Company and its Subsidiary have good title to all of the tangible personal property and assets, free and clear of any Encumbrances, except for (i) Taxes (other than Taxes that are being contested in good faith), fees, assessments or other governmental charges which are not delinquent or remain payable without penalty, (ii) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar encumbrances arising in the Ordinary Course of Business, (iii) encumbrances on any property acquired or held by the Company or its Subsidiary in the Ordinary Course of Business, securing Indebtedness incurred or assumed for the purpose of financing (or refinancing) all or any part of the cost of acquiring such property, and (iv) encumbrances of record or imperfections of title which are not material in character, amount or extent and which do not materially detract from the value or materially interfere with the present use of the assets subject thereto or affected thereby.

Section 3.10 Contracts and Commitments.

(a) Section 3.10(a) of the Disclosure Letter sets forth a complete and accurate list as of the date of this Agreement of each Contract to which the Company or its Subsidiary is a party that (a) is material to the Company or its Subsidiary and (b) requires, in the aggregate, future payments by the Company or its Subsidiary in excess of $10,000 (excluding, for purposes of this determination, future payments for indemnification, termination or other similar obligations for which the obligation to pay a sum certain has not accrued or otherwise become due and payable as of the date hereof) (each such Contract that is required to be listed, a "Material Contract").

(b) Each of the Material Contracts is the legal, valid and binding obligation of the Company and/or its Subsidiary, enforceable against them in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and similar Laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforcement is sought in a proceeding at law or in equity). Except as expressly stated in Section 3.10 of the Disclosure Letter, each of the Material Contracts is in full force and effect, and neither the Company nor its Subsidiary is in breach of, or default under, any such agreement, except where such breaches or defaults have not had, and would not reasonably be expected to have, a Material Adverse Effect.

(c) The Pfizer License Agreement is in full force and effect, and from December 30, 2011 until the date of this Agreement, neither the Company nor its Subsidiary has breached, or defaulted under, the Pfizer License Agreement. For the avoidance of doubt, the representations and warranties set forth in this Section 3.10(c) shall not apply to any breach or default that originally occurred prior to December 30, 2011. From December 30, 2011 until the

date of this Agreement, neither Seller, the Company nor any of their Affiliates has received any written notice or communication of breach or default under the Pfizer License Agreement, and, to Seller's Knowledge, neither Seller, the Company nor any of their Affiliates has received any oral notice or communication of breach or default under the Pfizer License Agreement.

(d) Seller has made available to Buyer a complete and accurate copy of each written report, notice, correspondence or other communication delivered by or to Seller pursuant to the Merger Agreement and Pfizer License Agreement.

Section 3.11 Intellectual Property.

(a) Section 3.11(a) of the Disclosure Letter sets forth a complete and accurate list of all patents, registered trademarks and service marks, registered copyrights, domain names and applications for any of the foregoing, in each case owned by the Company or its Subsidiary and material to the conduct of the business of the Company and its Subsidiary, taken as a whole, as currently conducted. Since February 4, 2014, neither the Company nor its Subsidiary have sold, pledged, assigned, conveyed or otherwise transferred any Intellectual Property related to the conduct of the Company's business or otherwise used in the development of the Licensed Compound.

(b) Since February 4, 2014, neither the Company nor its Subsidiary has received any writing from any Person alleging that any Lixivaptan Product infringes, or would infringe, any patent or other proprietary right of any other Person.

(c) As of the date hereof, neither the Company nor its Subsidiary is a party to any suit, action or proceeding which involves a claim of material infringement, unauthorized use or violation by the Company or its Subsidiary of any third party Intellectual Property, or which challenges in any material respect the ownership, use, validity or enforceability of any Intellectual Property owned or used by the Company or its Subsidiary and, to Seller's Knowledge, no such suit, action or proceeding is threatened in writing.

(d) Other than licenses, sublicenses and other agreements entered into by the Company or its Subsidiary in the Ordinary Course of Business, Section 3.11(d) of the Disclosure Letter sets forth a complete and accurate list of all material licenses, sublicenses and other agreements to which the Company and/or its Subsidiary are a party (i) granting any other Person the exclusive right to use any Intellectual Property owned by the Company and/or its Subsidiary or (ii) pursuant to which the Company or its Subsidiary are authorized to use any third party Intellectual Property, which is incorporated in or forms a part of any services rendered or products offered by the Company or its Subsidiary or which is otherwise used by the Company or its Subsidiary in the business of the Company or such Subsidiary as currently conducted, other than commercially available software.

Section 3.12 Compliance with Laws. Each of the Company and its Subsidiary is in compliance in all material respects with any Law of a Governmental Body that is applicable to the Company or its Subsidiary or by which any property or asset of the Company or its Subsidiary is bound. Notwithstanding the foregoing, the representations and warranties in this Section 3.12 do not apply to matters covered by Section 3.7 (Taxes), Section 3.8 (Employees and Benefit Plans) or Section 3.13 (Environmental Matters), which matters are covered exclusively in such Sections.

Section 3.13 Environmental Matters. Except as has not had or would not reasonably be expected to have a Material Adverse Effect:

(a) The Company and its Subsidiary are in compliance with all Environmental Laws applicable to their operations.

(b) Since February 4, 2014, neither the Company nor its Subsidiary has (i) received notice under the citizen suit provisions of any Environmental Law; (ii) received any written request for information, notice, demand letter, administrative inquiry or written complaint or claim under any Environmental Law; (iii) been subject to or, to Seller's Knowledge, threatened in writing with any governmental or citizen enforcement action with respect to any Environmental Law; or (iv) received written notice of any unsatisfied liability under any Environmental Law.

(c) The representations and warranties set forth in this Section 3.13 shall constitute the only representations and warranties by the Company with respect to environmental matters.

Section 3.14 No Brokers. Neither the Company nor its Subsidiary has entered into any Contract, arrangement or understanding with any Person or firm that may result in the obligation of such entity to pay any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement.

Section 3.15 Regulatory Matters. Seller has made available to the Buyer as of the date of this Agreement a complete and correct copy of each New Drug Application and each Investigational New Drug Application submitted to the FDA with respect to the Compound, including all supplements and amendments thereto.

Section 3.16 Inventory. Section 3.16 of the Disclosure Letter sets forth a complete and accurate list of all inventory of the Compound (the "Inventory") owned by the Company or its Subsidiary as reported by the Company's third-party logistics provider as of the date set forth in Section 3.16 of the Disclosure Schedule. The Inventory shall include the existing supply of the Compound, which Seller shall deliver, or cause to be delivered, to Buyer at or promptly following Closing or upon the request of Buyer, in each case at Buyer's sole cost and expense. All Inventory is owned by the Company free and clear of all Encumbrances except for Permitted Encumbrances, and no Inventory is held on a consignment basis.

Section 3.17 Disclaimer of Other Representations and Warranties.

(a) NONE OF SELLER, ANY OF ITS DIRECT OR INDIRECT SUBSIDIARIES OR AFFILIATES OR ANY OF THEIR RESPECTIVE REPRESENTATIVES, MEMBERS, MANAGERS OR STOCKHOLDERS HAS MADE ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER RELATING TO THE COMPANY OR ITS SUBSIDIARY OR THE BUSINESS OF THE COMPANY OR ITS SUBSIDIARY, OTHER THAN THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS ARTICLE III.

(b) Without limiting the generality of the foregoing, none of Seller or its Affiliates or any of their respective Representatives, members, managers, or stockholders has made, and shall not be deemed to have made, any representations or warranties in the materials relating to the business of the Company or its Subsidiary made available to Buyer, including due diligence or "data room" materials, or in any presentation concerning the business of the Company and its Subsidiary by management and/or owners of any of Seller, the Company or others in connection with the transactions contemplated hereby or otherwise, and no statement contained in any of such materials or made in any such presentation shall be deemed a representation or warranty hereunder or deemed to be relied upon by Buyer or any of its Affiliates in executing, delivering and performing this Agreement and the transactions contemplated hereby. It is understood that any cost estimates, projections or other predictions, data, financial information, memoranda or offering materials or presentations, including any offering memorandum or similar materials made available by any of Seller, the Company, their direct or indirect Subsidiaries or owners or any of the Representatives, members, managers, stockholders or Affiliates of any of them, including any information relating to Tax matters, are not and shall not be deemed to be or to include representations or warranties of any of the foregoing or any other Person.

Section 3.18 Non-Reliance. Seller acknowledges and agrees that no Marketing Approval has been received; there can be no guarantee that any Marketing Approval will ever be received; Seller is entering into this Agreement and the other Transaction Documents with the full understanding that Buyer and the Company may be unable to obtain Marketing Approval or commercialize any Lixivaptan Product; and neither Buyer nor any other Person on Buyer's behalf has made any representation or warranty regarding any such matters to Seller or its Representatives. Except for the specific representations and warranties expressly made by Buyer in Article IV of this Agreement, Seller specifically disclaims that it is relying upon or has relied upon any other representations or warranties that may have been made by Buyer or any other Person, and acknowledges and agrees that Buyer has specifically disclaimed and does hereby specifically disclaim any such other representation or warranty made by Buyer or any other Person (provided, however, that this disclaimer does not extend to any representations or warranties set forth in the other Transaction Documents).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT PARTIES

The Parent Parties hereby represent and warrant, jointly and severally, to Seller as of the date hereof as follows:

Section 4.1 Organization; Power and Authority; Capitalization.

(a) Each Parent Party is duly organized and is validly existing and in good standing under the laws of the State of Delaware. Each Parent Party is duly qualified to transact business and is in good standing in each jurisdiction where the character of its properties owned

or held under lease or the nature of its activities makes such qualification necessary, except where the failure to be so qualified or in good standing has not had and would not reasonably be expected to have a material adverse effect on each Parent Party's ability to consummate the transactions contemplated hereby and to perform each Parent Party's obligations under the Transaction Documents. Each Parent Party has the corporate power and authority to carry on its business as currently conducted by it, to enter into and perform this Agreement and to carry out the transactions contemplated hereby.

(b) The authorized capital stock of Buyer consists, immediately prior to Closing and immediately following the Closing, of 1,000 shares of Common Stock, of which all are issued and outstanding and owned by Parent and zero shares of Preferred Stock. The authorized capital stock of Parent consists, immediately prior to Closing, of 1,000 shares of Common Stock, of which all are issued and outstanding and owned by Lorenzo Pellegrini, and zero shares of Preferred Stock.

(c) The authorized capital stock of Parent immediately following the Closing will consist of (i) Eleven Million (11,000,000) shares of Common Stock, Three Million Two Hundred Sixty One Thousand Three Hundred Eighty Eight (3,261,388) of which are issued to Lorenzo Pellegrini and Nine Hundred Eighteen Thousand Nine Hundred Fifty Two (918,952) of which will be issued to Seller and (ii) Five Million Nine Thousand One Hundred Eighty Five (5,009,185) shares of Series A Preferred Stock, of which Two Million Five Hundred Nine Thousand One Hundred Eighty Five (2,509,185) will be issued to Index Ventures Life VI (Jersey), L.P. and certain of its affiliates. All issued and outstanding shares of Parent's Common Stock have been duly authorized and are validly issued, fully paid and nonassessable, and, when issued in accordance with the Transaction Documents, the Parent Common Stock and all other shares of capital stock of Parent issued to Seller pursuant to the terms of the Transaction Documents will have been duly authorized, and will be validly issued, fully paid and nonassessable. Except as provided in the Financing Agreements, there are no outstanding subscriptions, options, warrants, commitments, preemptive rights, deferred compensation rights, agreements, arrangements or commitments of any kind to which Parent is a party relating to the issuance of, or outstanding securities convertible into or exercisable or exchangeable for, any shares of capital stock of any class or other equity interests of Parent. Except as provided in the Financing Agreements, there are no agreements to which Parent is a party with respect to the voting of any shares of capital stock of Parent or which restrict the transfer of any such shares. There are no outstanding contractual obligations of Parent to repurchase, redeem or otherwise acquire any shares of its capital stock, other equity interests or any other securities of Parent.

Section 4.2 Subsidiaries. Buyer does not have any Subsidiaries. Buyer is the only subsidiary of Parent.

Section 4.3 No Conflict; Consents.

(a) The execution and delivery by each Parent Party of this Agreement and the Transaction Documents and the performance by each Parent Party of the transactions contemplated hereby and thereby in accordance with the terms hereof and thereof do not and will not (i) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of

time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which such Parent Party is a party or by which any of its properties or assets is bound, (ii) conflict with, or result in any violation of, any provision of the certificate of incorporation or bylaws of either Parent Party or (iii) violate or result in a violation of, or constitute a default under, any provision of any Law, or any order of, or restriction imposed by, any Governmental Body, except, in the case of clauses (i) and (iii), for any such conflicts, defaults or violations that have not had, and would not reasonably be expected to have, a material adverse effect on either Parent Party's ability to consummate the transactions contemplated hereby and to perform either Parent Party's obligations under the Transaction Documents.

(b) No notice to, declaration or filing with, or material consent or approval of any Governmental Body is required by or with respect to either Parent Party in connection with the execution and delivery by either Parent Party of this Agreement or the other Transaction Documents to which such Parent Party is a party, or the consummation by either Parent Party of the transactions contemplated hereby or thereby in accordance with the terms hereof and thereof, except for such notices or approvals that have been obtained or made or that, if not obtained or made, would not reasonably be expected to have a material adverse effect on either Parent Party's ability to consummate the transactions contemplated hereby and thereby.

Section 4.4 Investment Status.

(a) Buyer is acquiring the Shares for investment and not with a view to, or for sale in connection with, any distribution thereof in violation of the Securities Act or any other Law. Buyer understands that Seller has not registered the Shares under the Securities Act, or under the Laws of any other jurisdiction (including the blue sky or securities laws of any state of the United States), that the Shares constitute "restricted securities" under the Securities Act and that the Shares constitute an illiquid investment, and Buyer agrees that it will not sell any of the Shares unless the Shares are registered under applicable securities Laws, or exempt pursuant to exemptions from registration thereunder, and such sale otherwise complies with all applicable Laws of relevant jurisdictions. Buyer further understands that, in view of the foregoing restrictions on dispositions of the Shares, Buyer will be required to bear the economic risks of its ownership of the Shares for an indefinite period of time. Buyer has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risk of its investment.

(b) Buyer is acquiring the Shares for its own account and not for the account of any other Person and shall not sell the Shares or enter into any other arrangement pursuant to which any other Person shall be entitled to a beneficial interest in the Shares without complying with all applicable requirements of applicable Law.

(c) Buyer is an "accredited investor" (as defined in Rule 501 under the Securities Act).

Section 4.5 Litigation. As of the date hereof, neither Parent Party is (a) a party to (either as plaintiff or defendant) any material litigation, action, suit, proceeding, claim, arbitration or investigation pending or, to Parent's Knowledge, threatened in writing, against either Parent Party or (b) subject to any material outstanding writ, order, judgment, injunction or decree.

Section 4.6 Taxes.

(a) Each Parent Party has timely filed or been included in all material Tax Returns required to be filed by it or in which it is required to be included with respect to material Taxes for any period ending on or before the Closing Date, taking into account any extension of time to file granted to or obtained on behalf of it.

(b) Each Parent Party has paid or caused to be paid or have accrued all material Taxes due and owing by it.

(c) Neither the IRS nor any other Governmental Body has asserted by written notice to either Parent Party as of the date hereof any deficiency or claim for any amount of additional Taxes that has not yet been resolved.

(d) To Parent's Knowledge, no audits or other administrative proceedings or court proceedings are pending with regard to any material Taxes or material Tax Returns of either Parent Party, and neither Parent Party has received a written notice of any such audits or proceedings.

(e) There are no liens for Taxes upon the assets of either Parent Party, except for liens relating to current Taxes not yet due and payable or which are being contested in good faith.

(f) The representations and warranties set forth in this Section 4.6 shall constitute the only representations and warranties by each Parent Party with respect to Taxes.

Section 4.7 Compliance with Laws. Each Parent Party is and has been in compliance in all material respects with any Law of a Governmental Body that is applicable to it or by which any of its property or assets is bound. Notwithstanding the foregoing, the representations and warranties in this Section 4.7 do not apply to matters covered by Section 4.6 (Taxes), which matters are covered exclusively in such Section.

Section 4.8 No Brokers. Neither Parent Party has entered into any Contract, arrangement or understanding with any Person or firm that may result in the obligation of such entity to pay any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement.

Section 4.9 No Liabilities. Immediately following Closing, neither Parent Party will have any Indebtedness.

Section 4.10 Financial and Operational Capability. On or prior to the Closing Date, Parent will have received at least [####] and the Series A Preferred Stock Purchase Agreement provides for a second tranche of an additional [#####] which amounts will be reserved primarily for purposes of commercializing the Compound, and will have delivered to Seller true and complete copies of executed investment documents, which have been duly authorized by Parent's Board of Directors.

Section 4.11 Non-Reliance. Each Parent Party is an informed and sophisticated purchaser and has engaged expert advisors, experienced in the evaluation and purchase of property and assets such as the Company, its Subsidiary and the Shares as contemplated hereunder. Each Parent Party acknowledges and agrees that the Company, its Subsidiary and the Shares are sold on an "as is where is" basis, and Each Parent Party agrees to accept the Company, its Subsidiary and the Shares in the condition they are in on the Closing Date and without reliance upon any express or implied representations or warranties of any nature made by or on behalf of or imputed to Seller, except as expressly set forth in Article III. Without limiting the generality of the foregoing, each Parent Party acknowledges and agrees that Seller makes no representation or warranty with respect to (a) any projections, estimates or budgets delivered to or made available to either Parent Party or its Representatives with respect to the Company, its Subsidiary or their respective property and assets or (b) except as expressly set forth in this Agreement, any other information or documents made available to either Parent Party or its Representatives with respect to the Company or its Subsidiary. Each Parent Party further acknowledges and agrees that no Marketing Approval has been received; there can be no guarantee that any Marketing Approval will ever be received; each Parent Party is entering into this Agreement and the other Transaction Documents with the full understanding that Parent, Buyer and their respective Affiliates may be unable to obtain Marketing Approval or commercialize any Lixivaptan Product; and neither Seller nor any other Person on Seller's behalf has made any representation or warranty regarding any such matters to either Parent Party. Except for the specific representations and warranties expressly made by Seller in Article III of this Agreement, each Parent Party specifically disclaims that it is relying upon or has relied upon any other representations or warranties that may have been made by Seller or any other Person, and acknowledges and agrees that Seller has specifically disclaimed and does hereby specifically disclaim any such other representation or warranty made by Seller or any other Person.

Section 4.12 Disclaimer of Other Representations and Warranties.

(a) NONE OF BUYER, PARENT, ANY OF THE DIRECT OR INDIRECT SUBSIDIARIES OR AFFILIATES OF ANY OF THE FOREGOING OR ANY OF THE RESPECTIVE REPRESENTATIVES, MEMBERS, MANAGERS, OR STOCKHOLDERS OF ANY OF THE FOREGOING HAS MADE ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER RELATING TO EITHER PARENT PARTY OR THE BUSINESS OF EITHER PARENT PARTY AS CURRENTLY CONDUCTED OR PROPOSED TO BE CONDUCTED, OTHER THAN THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS ARTICLE IV.

(b) Without limiting the generality of the foregoing, none of Buyer, Parent or any their Affiliates or any of the respective Representatives, members, managers or stockholders of the foregoing has made, and shall not be deemed to have made, any representations or warranties in the materials relating to the business of the Parent Parties made available to Seller, including due diligence or "data room" materials, or in any presentation concerning the business of the Parent Parties by management and/or owners of any of either Parent Party or others in

connection with the transactions contemplated hereby or otherwise, and no statement contained in any of such materials or made in any such presentation shall be deemed a representation or warranty hereunder or deemed to be relied upon by Seller or any of its Affiliates in executing, delivering and performing this Agreement and the transactions contemplated hereby. It is understood that any cost estimates, projections or other predictions, data, financial information, memoranda or offering materials or presentations, including any offering memorandum or similar materials made available by any Parent Party, any direct or indirect Subsidiaries or owners of any of the foregoing or any of the Representatives, members, managers, stockholders or Affiliates of any of the foregoing, including any information relating to Tax matters, are not and shall not be deemed to be or to include representations or warranties of any of the foregoing or any other Person.

ARTICLE V

COVENANTS

Section 5.1 Right of First Negotiation. Parent will provide Seller a written notice (an "Initial Notice") of each Marketing Approval (or a similar or an equivalent approval) by the European Medicines Agency or the Brazilian Health Surveillance Agency (or a similar, equivalent or successor Governmental Body) for a particular indication of any Lixivaptan Product (each such particular indication (an "Approved Indication")) in any portion of Europe, Brazil, Russia or the Commonwealth of Independent States (the "ROFN Territory") within ten (10) days of receipt of such approval. Parent Parties hereby grant Seller and any Affiliates designated by Seller for such purpose (together, "Chiesi") a right of first negotiation to negotiate exclusive rights to commercialize any and all Lixivaptan Products for the Approved Indication in the ROFN Territory identified in an Initial Notice, and Chiesi must provide Parent with written notice of its exercise of such right of first negotiation (a "ROFN Notice") within thirty (30) days of the date on which it receives an Initial Notice; provided, however, that if Chiesi does not provide Parent with a ROFN Notice within such thirty (30) day period, Section 5.2 shall be void and of no further force and effect with respect to the Lixivaptan Product Approved Indication for the ROFN Territory. During the applicable ROFN Term, Chiesi and Parent will promptly and diligently, on an exclusive and good faith basis, negotiate commercially reasonable terms for an exclusive commercial agreement for the Lixivaptan Product Approved Indication in the ROFN Territory. Prior to the expiration of the applicable ROFN Term, and subject to the terms of Section 5.2, Parent, directly or indirectly, including through its Affiliates and their respective Representatives, will not negotiate or enter into any commercialization or similar agreement with any third party with respect to any Lixivaptan Product for the ROFN Territory. If Chiesi does not timely deliver a ROFN Notice, Parent may negotiate and enter into definitive agreements with a third party ("Third Party Partner"), and Chiesi will have no further rights with respect to the Lixivaptan Product Approved Indication for the ROFN Territory, but shall retain a right of first negotiation with respect to any other Lixivaptan Product indication except to the extent that the definitive agreement(s) with such Third Party Partner obligate Parent to provide such Third Party Partner with a right of first negotiation, right of first refusal or similar rights in such ROFN Territory with respect to any additional Approved Indication, in which case the right of first negotiation and right of first refusal of Chiesi pursuant to this Section 5.1 and Section 5.2 shall be subordinated in all respects to such right of first negotiation, right of first refusal or similar rights of such Third Party Partner.

Section 5.2 Right of First Refusal. [1] If the ROFN Term has expired with respect to any Initial Notice, then the Parent Parties will have the right to negotiate with a third party with respect to the Lixivaptan Product Approved Indication for the ROFN Territory. Promptly, but in no event later than five (5) Business Days after entering into any agreement, term sheet, understanding, arrangement or other Contract with respect to key terms with the third party relating to the commercialization of the Lixivaptan Product for the Approved Indication for the ROFN Territory (a "Third Party Term Sheet"), Parent shall provide, to the extent the Parent Parties are not precluded from disclosing such Third Party Term Sheet, a copy of such Third Party Term Sheet to Chiesi (a "Third Party Term Sheet Notice") at the address specified in the ROFN Notice for any Chiesi entity that is not Seller. If the Parent Parties are not permitted to provide Chiesi with the Third Party Term Sheet as provided for in the foregoing sentence, Parent shall provide Chiesi with notice of receipt of such Third Party Term Sheet. Chiesi shall provide written notice to Parent within thirty (30) days of receipt of a Third Party Term Sheet Notice indicating whether it wants to negotiate and enter into a definitive agreement reflecting the terms set forth in the Third Party Term Sheet. If Chiesi indicates that it does want to do so, the Parent Parties and Chiesi will have one hundred and twenty (120) days, as such period may be extended by mutual agreement of the parties, from the date that Chiesi received the Third Party Term Sheet Notice to negotiate in good faith definitive agreements reflecting the terms set forth in the Third Party Term Sheet. If the Parent Parties and Chiesi have not entered into such definitive agreements by the expiration of such period, the Parent Parties may negotiate and enter into definitive agreements reflecting the terms set forth in the Third Party Term Sheet with the applicable third party.

Section 5.3 Interim Operations of the Company. Except with the prior written consent of Parent (which shall not be unreasonably withheld, conditioned or delayed), as specifically contemplated by this Agreement or as set forth in Section 5.3 of the Disclosure Letter, Seller hereby covenants to the Parent Parties that, during the period commencing on the date of this Agreement and ending on the earlier to occur of the Closing Date or the termination of this Agreement in accordance with Article VII, (a) the business of the Company and its Subsidiary shall be conducted only in the Ordinary Course of Business and (b) Seller shall use commercially reasonable efforts to preserve intact the present business organization of the Company and its Subsidiary, not sell any assets of the Company or its Subsidiary and preserve satisfactory relationships with customers, suppliers, distributors and others having business dealings with them.

Section 5.4 Access to Information. During the period commencing on the date of this Agreement and ending on the earlier to occur of the Closing Date or the termination of this Agreement in accordance with Article VII, each party shall, and shall cause each of its respective Affiliates and Representatives to, grant or cause to be granted to the other parties and their respective Representatives reasonable access to and the right to inspect the properties, assets, books and records, Contracts and other documents and data related to the Company, Parent and Buyer for the purposes of (a) any financial reporting or Tax matters (including any financial and Tax audits, Tax contests, Tax examinations, preparation for any Tax returns or financial records); (b) any regulatory reporting matters; (c) any investigation being conducted by any Governmental Body involving the Compound, any Lixivaptan Product or Seller's business; (d) any claims or

[1] Note to Buyer: To be discussed whether these references should be to "Parent."

litigation (other than between the parties) involving the Compound, any Lixivaptan Product or Seller's business; (e) any reports concerning Diligence Objectives or the amounts of any payments owed to any Contingent Consideration Payees or other Persons under the Merger Agreement or the Pfizer License Agreement; or (f) any similar or related matter. Any such inspection shall be conducted during normal business hours upon reasonable advance notice and shall be conducted under the supervision of the disclosing party's personnel and in such a manner as not to interfere with the disclosing party's normal operations. Each party may restrict access to such records and documents to the extent that disclosure of any such information would (i) cause significant competitive harm to such party if the transactions contemplated by this Agreement were not consummated, (ii) jeopardize any attorney-client or other privilege or (iii) contravene any applicable Law, fiduciary duty or binding agreement. The Parent Parties acknowledge and agree that any access or information provided shall be subject to the terms of the Confidentiality Agreements.

Section 5.5 Commercially Reasonable Efforts. The parties shall perform all of their respective obligations hereunder and otherwise shall use commercially reasonable efforts to take or cause to be taken all actions, to do or cause to be done, and to assist and cooperate with the other parties hereto in doing, all things necessary, proper or advisable to consummate and make effective, at the earliest possible date, the transactions contemplated hereby.

Section 5.6 Publicity. Unless otherwise required by applicable Laws, based upon the reasonable advice of counsel, no party to this Agreement shall make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party (which consent shall not be unreasonably withheld or delayed). Prior to any party making a public announcement in respect of this Agreement or the transactions contemplated hereby, the other party shall have the right to review and comment on the substance of the announcement. The parties shall cooperate as to the timing and contents of any announcement.

Section 5.7 Technology Transfer and Assistance.

(a) Seller shall, or shall cause its Affiliates to, use commercially reasonable efforts to transfer within ninety (90) days following the Closing Date (such ninety (90) day period, the "Know-How Transfer Period") to Buyer a tangible or electronic copy of all Know- How owned by Seller, the Company or the Company's Subsidiary that is primarily related to any Lixivaptan Product ("Company Know-How").

(b) Seller shall make reasonably available to Buyer in person at Seller's facilities or via telephone conference at no cost to Buyer during the period commencing at the conclusion of the Know-How Transfer Period and continuing until the expiration of the twelve (12) month period following the Know-How Transfer Period for up to twenty (20) man-hours, Seller's key employees with respect to the Compound for purposes of reasonable consultation with Buyer regarding the development of the Compound, and to enable Buyer to use the Company Know-How in connection with Compound.

(c) NO WARRANTIES ARE GIVEN WITH RESPECT TO SELLER'S ASSISTANCE OR SUPPORT TO BUYER UNDER THIS SECTION 5.7. WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, OR IMPOSED BY STATUTE OR OTHERWISE, INCLUDING WITHOUT LIMITATION ANY WARRANTY AGAINST INFRINGEMENT AND IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, SELLER SHALL NOT BE RESPONSIBLE TO BUYER FOR ANY LOSSES ARISING FROM OR RELATING TO SELLER'S ASSISTANCE OR SUPPORT TO BUYER UNDER THIS SECTION 5.7 EXCEPT TO THE EXTENT SUCH LOSSES ARISE FROM, OR ARE CAUSED BY, THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SELLER, ITS EMPLOYEES, AGENTS OR CONTRACTORS. IN NO EVENT WILL SELLER BE LIABLE FOR ANY LOST PROFITS, LOST REVENUES, OR SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR IN CONNECTION WITH SELLER'S ASSISTANCE OR SUPPORT UNDER THIS SECTION 5.7.

Section 5.8 Confidentiality. Seller and Parent acknowledge that Seller and Parent have previously executed that certain confidentiality agreement, dated November 1, 2015 (the "Parent Confidentiality Agreement") and Seller and Lorenzo Pellegrini have previously executed that certain confidentiality agreement, dated May 18, 2015 (together with the Parent Confidentiality Agreement, the "Confidentiality Agreements"). Seller and the Parent Parties acknowledge that after the Closing Date, Lorenzo Pellegrini, Parent and each of their respective Affiliates shall not have any further obligations under the Confidentiality Agreements to the extent the confidential information relates to the Company or the Company's assets, business or operations, provided, however, that any confidential information otherwise related to Seller or any Affiliates of Seller disclosed to Lorenzo Pellegrini or Parent under the Confidentiality Agreements shall remain confidential in accordance with the terms of the Confidentiality Agreements and that Lorenzo Pellegrini and the Parent Parties will maintain in confidence, and will cause their respective Affiliates and Representatives to maintain in confidence, and not use any such confidential information. From and after the Closing, Seller will maintain in confidence, and will cause its respective Affiliates and its Representatives to maintain in confidence, and not use any confidential information of the Company or its Subsidiary, unless (a) such information is already known to such party or to others not bound by a duty of confidentiality or such information becomes publicly available through no fault of such party or (b) the furnishing or use of such information is required by or necessary or appropriate in connection with an applicable Laws. If the Parent Parties or Seller or any of their respective Affiliates or their respective Representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, such party shall promptly notify the other in writing and shall disclose only that portion of such information which is legally required to be disclosed, provided that such party shall use reasonable best commercial efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

Section 5.9 RESERVED.

Section 5.10 Tax Matters.

(a) Preparation and Filing of Tax Returns.

(i) Seller shall timely prepare and file, or shall cause to be prepared and filed, all Tax Returns of the Company and its Subsidiary with respect to any Tax period ending on or prior to the Closing Date, which are due after the Closing Date; provided, however, that Seller shall provide each such Tax Return to Buyer for its review and comment at least twenty (20) Business Days prior to the date on which such Tax Return is to be filed, and Seller shall consider in good faith any changes to each such Tax Return as are reasonably requested by Buyer. Such Tax Returns shall be prepared in a manner consistent with past practices except as required by applicable Law. The parties agree, to the extent allowed by applicable Law, to deduct any deductions attributable to expenses incurred by the Company or its Subsidiary (including, but not limited to, fees paid to legal and accounting advisors, deductions incurred in the connection with repaying of Indebtedness, compensation payments) with respect to the transactions contemplated by this Agreement on the Tax Returns of the Company for the taxable period that ends on the Closing. For purposes of this Agreement, the parties agree that seventy percent (70%) of success-based fees paid by the Company shall be deductible under Rev. Proc. 2011-29 and shall be deducted in the Pre-Closing Tax Period.

(ii) Buyer shall timely prepare and file, or shall cause to be prepared and filed, all Tax Returns of the Company and its Subsidiary with respect to any Straddle Period at the expense of Buyer and the Company; provided, however, that Buyer shall provide each such Tax Return to Seller for its review and comment at least twenty (20) Business Days prior to the date on which such Tax Return is to be filed, and Buyer shall make any changes to each such Tax Return as are reasonably requested by Seller. Such Tax Returns shall be prepared in a manner consistent with past practices except as required by applicable Law. For all purposes of this Agreement, in the case of any Straddle Period of a Company or its Subsidiary, the amount of Taxes allocable to the Pre- Closing Tax Period portion of such Straddle Period shall be deemed to be: (1) in the case of real or personal property Taxes or similar Taxes imposed on a periodic basis, the amount of such Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of calendar days in the portion of the Straddle Period ending on and including the Closing Date and the denominator of which is the number of calendar days in the entire relevant Straddle Period; and (2) in the case of Taxes not described in (1) above (such as franchise Taxes, Taxes that are based upon or related to income or receipts, based upon production or occupancy or imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible)), the amount of any such Taxes shall be determined as if such taxable period ended as of the end of the Closing Date.

(iii) Unless required by applicable Law, without the prior written consent of Seller (such consent not to be unreasonably withheld, conditioned or delayed), neither Buyer, the Company nor any of their Affiliates shall adopt or change any accounting method or, except as specifically contemplated under Section 5.10, file or amend any Tax Return, if such adoption, change, or amendment would have the effect of increasing the Tax Liability of Seller or any of its direct or indirect owners or increase their indemnification obligations under this Agreement.

(iv) Seller shall pay or cause to be paid all income Taxes attributable to the transactions contemplated hereby reported on the consolidated, unitary or combined income Tax Returns that include the operations of the Company or its Subsidiary prior to the day following the Closing.

(b) Closing Date Course of Business. For the portion of the Closing Date after the time of Closing, other than transactions expressly contemplated hereby (including, for the avoidance of doubt, the Section 338 Elections), Buyer shall cause the Company and its Subsidiary to carry on its business only in the Ordinary Course of Business.

(c) Cooperation on Tax Matters. Buyer, Seller and the Company shall cooperate fully, as and to the extent reasonably requested by the other parties, in connection with the filing of Tax Returns, the filing of any amended Tax Return for a period prior to (or including) the Closing Date, any Tax audits, Tax proceedings or other Tax-related claims. Such cooperation shall include, upon a party's request, providing records and information that are reasonably relevant to any such matters, making employees available on a mutually convenient basis to provide additional information, and explaining any materials provided pursuant to this Section 5.10. Following the Closing, Seller, Buyer, the Company and their respective Subsidiaries and Affiliates shall not destroy or dispose of any Tax workpapers, schedules or other materials and documents supporting Tax Returns of the Company and its Subsidiary for Pre-Closing Tax Periods until the seventh anniversary of the Closing Date, without the prior written consent of the other party, and before any disposition or destruction of such materials at any time, each party shall give the other party thirty (30) days prior written notice of any such proposed disposition or destruction, and the other party shall have the right, in its sole discretion, to take possession of such materials and documents at its expense.

(d) Transfer Taxes. Buyer shall be liable for and, without duplication of any right to recovery herein, shall hold Seller harmless against any transfer, value added, excise, stock transfer, stamp, recording, registration and any similar Taxes ("Transfer Taxes") that become payable in connection with the purchase and sale of the Shares. The applicable parties shall cooperate in filing such forms and documents as may be necessary to permit any such Transfer Tax to be assessed and paid on or prior to the Closing Date in accordance with any available pre-sale filing procedure, and to obtain any exemption or refund of any such Transfer Tax. If required by applicable Laws, Seller will join in the execution of any Tax Returns and other documentation with respect to Transfer Taxes.

(e) Section 338(h)(10) Election. The Company and Buyer shall join Seller in making an election under Code §338(h)(10) (and any corresponding election under state, local and non-U.S. Tax Law) with respect to the purchase and sale of the Shares hereunder (collectively, the "Section 338 Elections"). To the extent permitted or required by Law, any income, gain, loss or deduction, or other Tax item resulting from the deemed sale pursuant to the Section 338 Elections shall be included in the Tax Returns of the Company for the Pre-Closing Tax Period, and any Tax Liability resulting from the Section 338 Elections shall be borne by Seller. Seller will provide to Buyer original an IRS Form 8023 (and comparable state or local Tax forms requested by Buyer) properly signed and executed by Seller with respect to each Section 338 Election on or before the Closing Date. The parties hereto agree that the consideration for the Shares provided in this Agreement and the liabilities of the Company and

its Subsidiary treated as purchase consideration for Tax purposes (including any Contingent Consideration Payments and any payment made pursuant to Section 2.6 of the Merger Agreement) shall be allocated to the assets of the Company and its Subsidiary for Tax purposes as shown on the allocation schedule on IRS Form 8883 attached hereto as Exhibit D. Buyer shall adjust such allocation if and to the extent of any adjustment to the purchase consideration paid by Buyer under this Agreement for Tax purposes. Buyer, Seller and the Company shall file all Tax Returns in a manner consistent with such allocation unless otherwise so required under a challenge of such allocation by a taxing authority.

Section 5.11 Books and Records.

(a) Record Retention Period. The parties agree to retain or cause to be retained all books and records pertinent to Seller's business relating to Tax matters until the expiration of the applicable period for assessment under applicable Law (giving effect to any and all extensions or waivers), and, if relating to other than Tax matters, for the period specified under such retaining party's document retention policy or, if longer, the longest period specified under applicable Laws. Additionally, Buyer shall, and shall cause its applicable Affiliates to, keep such complete and accurate books and records as may be necessary to ascertain the efforts of Buyer to comply with its obligations under the Transaction Documents and all Material Contracts. No such books or records shall be destroyed after the expiration of such periods without first advising Seller in writing and giving Seller a reasonable opportunity to obtain possession thereof.

(b) Retention of Copies by Seller. Notwithstanding anything to the contrary contained in this Agreement, Seller may retain and use archival copies of all documents or materials conveyed hereunder to the extent (i) required to remain in the possession of Seller pursuant to Laws, (ii) related to any of the purposes set forth in Section 5.4 or (iii) necessary or appropriate for Seller to perform and discharge its liabilities or obligations under the Transaction Documents; provided, however, that Seller shall maintain such items in accordance with the provisions of Section 5.8 hereof.

ARTICLE VI

CONDITIONS TO THE CLOSING

Section 6.1 Conditions to the Obligations of Each Party. The respective obligations of each party to effect the transactions contemplated hereby are subject to the fulfillment at or prior to the Closing Date, of the condition that no Governmental Body shall have enacted, issued, promulgated, enforced or entered any Law that is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

Section 6.2 Additional Conditions to Obligations of the Parent Parties. The obligations of each Parent Party to effect the transactions contemplated hereby are further subject to the satisfaction of the following conditions, any one or more of which may be waived by the Parent Parties at or prior to the Closing Date:

(a) Seller Representations and Warranties. The representations and warranties of Seller set forth in Article III shall be true and correct (with such representations and warranties read for such purposes without any materiality or Material Adverse Effect qualifications) as of the Closing Date (or if such representations and warranties expressly relate to a specific date, such representations and warranties shall be true and correct as of such date), except where the failure of such representations and warranties to be true and correct would not have a Material Adverse Effect.

(b) Performance of Obligations of Seller. Seller shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing Date and shall have delivered all the items specified in Section 2.2(b).

(c) Officer's Certificate. The Parent Parties shall have received a certificate executed and delivered by a duly authorized officer of Seller in his or her capacity as such, dated as of the Closing Date, stating therein that the conditions set forth in Section 6.2(a) and Section 6.2(b) have been satisfied.

(d) Seller Deliveries. Seller shall have made the deliveries required by Section 2.2(b).

Section 6.3 Additional Conditions to Obligations of Seller. The obligation of Seller to effect the transactions contemplated hereby is further subject to the satisfaction of the following conditions, any one or more of which may be waived by Seller at or prior to the Closing Date:

(a) Representations and Warranties. The representations and warranties of the Parent Parties set forth in Article IV shall be true and correct as of the Closing Date (or if such representations and warranties expressly relate to a specific date, such representations and warranties shall be true and correct as of such date), except where the failure of such representations and warranties (other than the representations and warranties set forth in Section 4.10, which shall be true and correct in all respects on the Closing Date) to be true and correct would not have a material adverse effect on either Parent Party's ability to consummate the transactions contemplated hereby.

(b) Performance of Obligations of Parent Parties. Each Parent Party shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing Date and shall have delivered all the items specified in Section 2.2(c).

(c) Officer's Certificate. Seller shall have received a certificate from each Parent Party executed and delivered by a duly authorized representative of each Parent Party in his or her capacity as such, dated as of the Closing Date, stating therein that the conditions set forth in Section 6.3(a) and Section 6.3(b) have been satisfied.

(d) Parent Parties Deliveries. Each Parent Party shall have made the deliveries required by Section 2.2(c).

ARTICLE VII

TERMINATION

Section 7.1 Termination. This Agreement may be terminated at any time prior to the Closing Date, as follows:

(a) by the written consent of Buyer and Seller;

(b) by either Seller, on the one hand, or Buyer, on the other hand, by written notice to the other, if the consummation of the transactions contemplated herein, shall not have occurred on or before July 26, 2016 (the "Outside Date"); provided, however, that the right to terminate this Agreement under this Section 7.1(b) shall not be available to any party whose failure to comply with any provision of this Agreement has been the cause of, or resulted in, the failure of such transaction to close on or before such date; or

(c) by Seller, on the one hand, or Buyer, on the other hand, by written notice to the other, if Buyer or Parent, on the one hand, or Seller, on the other hand, shall have breached or failed to perform in any material respect any of its respective representations, warranties, covenants or other agreements contained in this Agreement, and such breach or failure to perform (i) would give rise to the failure of a condition set forth in Section 6.2(a) or Section 6.2(b) (in the case of a breach by Seller) or Section 6.3(a) or Section 6.3(b) (in the case of a breach by Buyer or Parent), and (ii) cannot be or has not been cured prior to the earlier of (A) the Business Day prior to the Outside Date or (B) the date that is thirty (30) days from the date that Seller or Buyer, as applicable, is notified by the other in writing of such breach or failure to perform.

Section 7.2 Effect of Termination. In the event of the termination of this Agreement pursuant to Article VII, this Agreement shall forthwith become null and void and have no effect, without any liability on the part of Buyer, Parent or Seller or any of their respective directors, officers, managers, members, employees, partners or stockholders, and all rights and obligations of any party hereto shall cease, except that the provisions contained in this Article VII and the Confidentiality Agreements shall survive the termination of this Agreement; provided, however, that such termination shall not relieve any party to this Agreement of liability for any fraud with the intent to deceive in connection herewith.

ARTICLE VIII

SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

Section 8.1 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties of Seller contained in Article III or in any closing certificate delivered pursuant to Section 6.2(a), and the rights of the Buyer Indemnified Parties to bring an indemnification claim under Section 8.2 in respect of any breach thereof resulting in Losses, shall survive the Closing and shall remain in full force and effect until the date that is fifteen (15) months immediately after the Closing (the "General Expiration Date"); except that (a) the representations and warranties contained in Section 3.1 (Organization; Power and

Authority; Capital Structure), Section 3.2 (Subsidiaries), Section 3.5(a) (Material Liabilities), Section 3.10(c) (Pfizer License Agreement) and Section 3.14 (Brokers) (together, the "Fundamental Representations") shall survive the Closing and shall remain in full force and effect until the date that is three (3) years immediately after the Closing (the "Fundamental Expiration Date") and (b) the representations and warranties contained in Section 3.7 (Taxes) and Section 3.8 (Employee Benefit Plans), and the rights of the Buyer Indemnified Parties to bring an indemnification claim under Section 8.2 in respect of any breach thereof resulting in Losses, shall survive the Closing and shall remain in full force and effect until the expiration of the applicable statute of limitations as extended under applicable Law (the "Statutory Expiration Date"). All representations and warranties of the Parent Parties, and the rights of the Seller Indemnified Parties to bring an indemnification claim under Section 8.3 in respect of any breach thereof resulting in Losses, shall survive the Closing and shall remain in full force and effect until the Fundamental Expiration Date, except that the representations and warranties contained in Section 4.6 (Taxes), and the rights of the Seller Indemnified Parties to bring an indemnification claim under Section 8.3 in respect of any breach thereof resulting in Losses, shall survive the Closing and shall remain in full force and effect until the Statutory Expiration Date. The covenants and agreements set forth herein (and the applicable rights to indemnification pursuant to this Article VIII for breaches of such covenants) shall survive the Closing indefinitely in accordance with their terms. Except to the extent expressly provided herein, no claim for breach of any such representation or warranty may be brought after such applicable survival period; provided, however, that any breach of a representation or warranty in respect of which indemnity may be sought under this Agreement that occurs prior to the applicable Indemnification Cut-Off Date shall survive such applicable Indemnification Cut-Off Date if written notice of the applicable breach resulting in Losses shall have been delivered to Seller pursuant to Section 8.4 prior to such applicable Indemnification Cut-Off Date.

Section 8.2 Indemnification of the Buyer Indemnified Parties.

(a) Subject to the other terms and conditions of this Agreement, from and after the Closing, the Parent Parties, and each of their Affiliates (including at and following the Closing, the Company) and their respective Representatives, stockholders, members, managers, successors, assigns and controlling Persons of any of the foregoing (each a "Buyer Indemnified Party") shall be held harmless, indemnified and defended by Seller for any Losses arising from or relating to (i) any inaccuracy in or breach of any representation or warranty of Seller contained in Article III or any certificates to be delivered pursuant to Section 2.2(b)(i) or Section 6.2(c), (ii) any breach or non-fulfillment of any covenant, agreement, or obligations to be performed by Seller contained herein, or (iii) any Pre-Closing Taxes.

(b) The Buyer Indemnified Parties' indemnification rights pursuant to Section 8.2(a) shall be limited as follows:

(i) Other than with respect to the Buyer Indemnified Parties' indemnification rights related to Pre-Closing Taxes arising under Section 8.2(a)(iii), the Buyer Indemnified Parties shall not be entitled to any indemnification until the aggregate dollar amount of all Losses that would otherwise be indemnifiable pursuant to Section 8.2(a) exceeds an amount equal Seven Thousand Five Hundred Dollars ($7,500) (the "Deductible"), and then only to the extent such Losses exceed the Deductible.

(ii) Other than with respect to the Buyer Indemnified Parties' indemnification rights related to a breach of the Fundamental Representations, Section 3.7 (Taxes) or Pre-Closing Taxes arising under Section 8.2(a)(iii), the Buyer Indemnified Parties shall not be entitled to indemnification under this Agreement for any Losses (individually or in the aggregate) in excess of an amount equal to Seventy Five Thousand Dollars ($75,000) (the "Cap"). Except in the case of fraud with the intent to deceive, the Buyer Indemnified Parties' sole source of recovery for all indemnifiable Losses under this Agreement shall be as provided in Section 8.6.

Section 8.3 Indemnification of the Seller Indemnified Parties. From and after the Closing, Seller and its Affiliates and each of their respective Representatives, stockholders, members, managers, successors, assigns and controlling Persons (each a "Seller Indemnified Party") shall be held harmless, indemnified and defended by the Parent Parties, for any Losses arising from or relating to (a) the breach of any representation or warranty of the Parent Parties contained in Article IV and any inaccuracy in the certificates to be delivered pursuant to Section 2.2(c)(i) or Section 6.3(c), (b) the breach of any covenant of Buyer or Parent contained herein and (c) any breach or alleged breach of the Merger Agreement, the Novation and Waiver Agreement or the Pfizer License Agreement at Closing or by Buyer or any of its Affiliates following Closing or any failure or alleged failure of Buyer, Parent or any Affiliate or either Buyer or Parent (including, at and following the Closing, the Company and its Subsidiary) to fully satisfy its obligations under such agreements (including any obligations of Buyer, Parent, the Company or the Company's Subsidiary or their respective Affiliates arising out of or in connection with the Closing).

Section 8.4 Notice; Defense of Claims. The Buyer Indemnified Parties and the Seller Indemnified Parties (each, an "Indemnified Party") shall make claims for indemnification hereunder by giving prompt written notice thereof to Seller or the Parent Parties, as applicable, prior to the applicable Indemnification Cut-Off Date in the case of the Buyer Indemnified Parties. If indemnification is sought for a claim by or in respect of any third party, the Indemnified Party shall also give the Parent Parties or Seller, as applicable, written notice of such claim as to which such Indemnified Party may request indemnification hereunder or as to which the Deductible may be applied as soon as is practicable and in any event within twenty (20) days of the time that such Indemnified Party learns of such claim; provided, however, that the failure to do so shall not relieve the party with the indemnification obligation hereunder (each an "Indemnifying Party") from any liability except to the extent that it is prejudiced by the failure or delay in giving such notice. Such notice shall state in reasonable detail the information then available regarding the amount and nature of such claim and the amount of Losses incurred or expected to be incurred in respect thereof to the extent determinable and shall specify the representation, warranty or covenant in this Agreement under which the liability or obligation is asserted. In the case of any third party claim (which for the avoidance of doubt includes any claims or controversies related to Taxes), the Indemnifying Party shall have the right to direct, through counsel of its own choosing reasonably acceptable to the Indemnified Party, the defense or settlement of any such claim at its own expense (subject to the limitations set forth in this Article VIII), unless the Indemnifying Party's control of such claim would affect any privilege of the Indemnified Party in respect of such third party claim or a conflict of interest exists that would make it inappropriate in the reasonable judgment of the Indemnified Party for the Indemnifying Party to control such claim. If the Indemnifying Party elects to assume the defense

of any such claim, it shall consult with the Indemnified Party for the purpose of allowing the Indemnified Party to participate in such defense. If the Indemnifying Party does not so assume control of such defense, the Indemnified Party shall control such defense (the party controlling the defense, whether Indemnifying Party or the Indemnified Party "Controlling Party"). Parent shall be the Controlling Party for any claims arising out of or related to the Pfizer License Agreement. The party not controlling such defense (the "Non-controlling Party") may participate therein at its own expense, which expense shall not be recoverable as part of any indemnification claim. The Non-controlling Party shall provide, and shall cause the Company and its Subsidiary to provide, as applicable, the Controlling Party and its counsel with reasonable access to its records and personnel relating to any such claim during normal business hours and shall otherwise cooperate with the Controlling Party in the defense or settlement thereof. If the Controlling Party elects to direct the defense of any such claim, the Non-controlling Party shall not pay, or permit to be paid, any part of any claim or demand arising from such asserted liability unless Controlling Party consents in writing to such payment. If the Controlling Party assumes the defense of any such claim and proposes to settle such claim prior to a final judgment thereon or to forego any appeal with respect thereto, then the Controlling Party shall give the Non- controlling Party prompt written notice thereof, and the Non-controlling Party shall have the right to participate in and approve (such approval not to be unreasonably withheld, conditioned or delayed) the settlement or assume the defense of such claim or proceeding.

Section 8.5 Limitations. (a) All claims for indemnification pursuant to this Article VIII for breaches of representations and warranties must be made on or before the General Expiration Date, the Fundamental Expiration Date or the Statutory Expiration Date, as applicable (the "Indemnification Cut-Off Date"). No indemnification shall be payable with respect to claims asserted after the Indemnification Cut-Off Date, regardless of when the claim accrued or the circumstances that resulted in the claim being asserted after the Indemnification Cut-Off Date. In the event a claim for a Loss has been made properly and in good faith on or prior to the applicable Indemnification Cut-Off Date, and such claim is unresolved as of the applicable Indemnification Cut-Off Date, then the right to indemnification with respect to such claim shall remain in effect until such matter shall have been finally determined.

(b) The amount of any Losses subject to indemnification under this Article VIII shall be calculated net of (i) any insurance proceeds received or receivable by any Seller Indemnified Party or any Buyer Indemnified Party on account of such Losses and/or (ii) any indemnification paid or payable by any third party.

(c) The Seller Indemnified Parties and the Buyer Indemnified Parties shall use commercially reasonable efforts to utilize insurance coverage for all or part of any Loss under then-current policies to the same extent as they would if such Loss were not subject to indemnification hereunder (which, if commercially reasonable, may include a decision by either the Seller Indemnified Parties or the Buyer Indemnified Parties not to seek to recover any such insurance proceeds). In the event that an insurance or other recovery is made by any Seller Indemnified Party or Buyer Indemnified Party with respect to any Loss for which any such Person has been indemnified hereunder, then a refund equal to the aggregate amount of the recovery shall be promptly paid to the Parent Parties or Seller, as applicable.

(d) The Seller Indemnified Parties and the Buyer Indemnified Parties shall use commercially reasonable efforts to bring indemnity claims against any third party which has an indemnification obligation to either of them with respect to any Loss and to diligently pursue such claims until finally adjudicated.

(e) Anything herein to the contrary notwithstanding, no breach of any representation, warranty or covenant contained herein shall give rise to any right on the part of any party, after the consummation of the transactions contemplated hereby, to rescind any of the Transaction Documents.

(f) Anything herein to the contrary notwithstanding, no Seller Indemnified Party or Buyer Indemnified Party shall have the right to be indemnified for any Losses to the extent they are in the nature of consequential, incidental or indirect damages, diminution in value damages, lost profits or punitive, special or exemplary damages (except to the extent any such damages listed in this sentence are part of a third party claim), and in particular, without limitation, no "multiple of profits" or "multiple of cash flow" or similar valuation methodology shall be used in calculating the amount of any Losses. For the avoidance of doubt, any claim arising out of the Pfizer License Agreement or the Merger Agreement shall be considered a third party claim.

(g) Any Loss for which any party is entitled to indemnification under this Article VIII shall be determined without duplication of recovery by reason of the state of facts giving rise to such Loss constituting a breach of more than one representation, warranty or covenant.

(h) Notwithstanding anything herein to the contrary, no Indemnified Party shall be entitled to any indemnification under this Agreement with respect to any breach of any representation, warranty or covenant if the Indemnified Party or any of its Representatives had knowledge, at any time prior to the Closing, of such breach or of the events, circumstances or conditions constituting or resulting in such breach.

Section 8.6 Source of Payments. Except for claims made by a Buyer Indemnified Party pursuant to this Article VIII with respect Pre-Closing Taxes arising under Section 8.2(a)(iii), which Losses shall be satisfied in cash, claims made by a Buyer Indemnified Party pursuant to this Article VIII shall be exclusively satisfied as follows: (a) first, in an amount, in cash, up to the Cap (the "Cash Indemnity Amount"); (b) second, solely with respect to breaches of the Fundamental Representations or Section 3.7 (Taxes), to the extent that the Cash Indemnity Amount is fully depleted, by offset of any Contingent Consideration Payments payable under this Agreement; and (c) third, solely with respect to breaches of the Fundamental Representations or Section 3.7 (Taxes), if a period of three (3) years has elapsed since the date that a claim for indemnification pursuant to this Article VIII has become payable and there have been no Net Sales, by surrender to Buyer for immediate cancellation an amount of Parent Common Stock at a price per share of Parent Common Stock equal to the Fair Market Value at the time of resolution of the applicable claim, up to a maximum aggregate amount of 200,000 shares of Parent Common Stock, it being understood that if the Buyer Indemnified Parties' rights to indemnification are not fully satisfied by surrender and cancellation of Parent Common Stock pursuant to Section 8.6(c), the Buyer Indemnified Parties shall have the right to satisfy the

amount of such deficit by offset against Contingent Consideration Payments pursuant to Section 8.6(b); provided, however, that the Buyer Indemnified Parties' rights under Section 8.2(a) shall terminate (i) as to any shares of Parent Common Stock that Seller transfers in compliance with this Section 8.6 prior to notice of a claim or (ii) upon the occurrence of a Fundamental Transaction (regardless of whether notice of a claim was delivered prior to such Fundamental Transaction); and provided, further, that Seller may, in its sole discretion, elect to satisfy any claim for which a Buyer Indemnified Party is entitled to recovery under Section 8.6(b) or Section 8.6(c) through the payment of cash in immediately available funds to an account designated by the Buyer Indemnified Party. Pursuant to Section 8.6(b), Buyer may withhold against any one (1) or more Contingent Consideration Payments the amount of any resolved or good faith pending claims for indemnification pursuant to this Article VIII. If such resolved claim amount is less than the amount by which such Seller payment was reduced, then Buyer shall make payment of such difference within ten (10) days following final resolution of the claim. Upon final resolution of any pending claim for which an offset right was asserted pursuant to Section 8.6(ii), any amount of a previously offset Contingent Consideration Payment due to Seller shall be paid within ten (10) days following such final resolution of a claim. In connection with this provision, Seller agrees that, (a) until the earlier of the date of a Fundamental Transaction or the date that is three (3) years from the date of this Agreement or (b) upon receipt of notification of a claim pursuant to Section 8.4 that is made prior to the earlier of the dates set forth in clause (a), Seller will not sell, transfer or otherwise dispose of any of its shares of Parent Common Stock that are subject to surrender to Buyer in connection with this Agreement (other than to an Affiliate) without the prior written consent of Parent. For the avoidance of doubt, the number of shares of Parent Common Stock that shall be subject to such transfer restriction shall be 200,000 shares, less the number of shares previously surrendered to Buyer in connection with this Agreement.

Section 8.7 Remedies Exclusive. Except in the case of fraud with the intent to deceive, after the Closing, the rights of the Seller Indemnified Parties and the Buyer Indemnified Parties to indemnification or other recourse relating to this Agreement and the transactions contemplated hereby shall, except as may otherwise be expressly agreed in writing between the parties, be strictly limited to those contained in this Article VIII, and such indemnification rights shall be the sole and exclusive remedies of the parties hereto and the Seller Indemnified Parties and the Buyer Indemnified Parties subsequent to the Closing Date with respect to any matter in any way relating to this Agreement or its subject matter or arising in connection herewith. To the maximum extent permitted by Law, Seller, Parent and Buyer hereby waive all other rights and remedies with respect to any matter in any way relating to this Agreement or arising in connection herewith, whether under any Laws at common law, in equity or otherwise. Without limiting the generality of the foregoing, the parties to this Agreement hereby irrevocably waive any right of rescission they may otherwise have or to which they may become entitled with respect to this Agreement and the transactions contemplated hereby. For the avoidance of doubt, this Section 8.7 shall not limit the rights of the parties set forth in the Financing Agreements or the Warrant or limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled pursuant to Section 9.13.

Section 8.8 Character of Indemnity Payments. The parties agree that any indemnification payments made under this Article VIII shall be treated for all Tax purposes as an adjustment to the total consideration received for Tax purposes, unless otherwise required by Law.

ARTICLE IX

GENERAL PROVISIONS

Section 9.1 Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given or made as follows: (a) if sent by registered or certified mail in the United States return receipt requested, upon receipt, (b) if sent by nationally recognized overnight courier, one (1) Business Day after mailing, (c) if sent by facsimile transmission or e-mail of a PDF document, with a copy mailed or sent on the following Business Day in the manner provided in clauses (a) or (b) of this Section 9.1, when transmitted, and (d) if otherwise actually personally delivered, when delivered; provided, in each case, that such notices, requests, demands and other communications are delivered to the addresses or facsimile numbers set forth below, or to such other addresses and facsimile numbers as any party shall provide by like notice to the other parties set forth below:

If to Seller, to:

Chiesi USA, Inc.
1255 Crescent Green Drive, Suite 250
Cary, NC 27518
[####]
[####]
[####]

with a mandatory copy (which shall not constitute notice) to:

Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, L.L.P.
Wells Fargo Capitol Center
150 Fayetteville Street, Suite 2300
Raleigh, North Carolina 27601
[####]
[####]
[####]

If to the Parent Parties or the Company (after the Closing Date), to:

Palladio Biosciences, Inc.
1418 Ridgewood Lane
Newtown, PA 18940
[####]
[####]

with a mandatory copy (which shall not constitute notice) to:

Morgan, Lewis & Bockius, LLP
502 Carnegie Center
Princeton, NJ 08540
[####]
[####]
[####]

Section 9.2 Severability. If any provision of this Agreement, or the application thereof to any Person or circumstance is held invalid or unenforceable, the remainder of this Agreement, and the application of such provision to other Persons or circumstances, shall not be affected thereby, and to such end, the provisions of this Agreement are agreed to be severable.

Section 9.3 Interpretation. When a reference is made in this Agreement to an Article, Section, Schedule or Exhibit, such reference will be to an Article or Section of, or a Schedule or Exhibit to, this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they will be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Unless the context clearly requires otherwise, the word "or" shall be inclusive and not exclusive. Any agreement, instrument or statute defined or referred to herein, or in any agreement or instrument that is referred to herein, means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein.

Section 9.4 Fees and Expenses. Unless otherwise provided herein, upon Closing all expenses of Seller and its Affiliates in connection with the negotiation and the consummation of the transactions contemplated by this Agreement and the other Transaction Documents shall be reimbursed by Buyer for their reasonable out-of-pocket expenses (including legal fees and expenses) incurred in connection with the pursuit, negotiation and consummation of the transactions contemplated by this Agreement and the other Transaction Documents in an amount not to exceed Five Hundred Thousand Dollars ($500,000). The Parent Parties shall bear all of their own expenses in connection with the negotiation and the consummation of the transactions contemplated by this Agreement and the other Transaction Documents. In the event the transactions contemplated hereby and thereby fail to close for any reason, each of Buyer, Parent and Seller and their respective Affiliates (including the Company and the Company's Subsidiary) shall bear its own respective expenses.

Section 9.5 Choice of Law/Consent to Jurisdiction. All disputes, claims or controversies (whether in contract or tort) arising out of or relating to this Agreement and the other Transaction Documents, or the negotiation, validity or performance of this Agreement and the other Transaction Documents, or the transactions contemplated hereby or thereby, shall be

governed by and construed in accordance with the internal laws of the State of Delaware without regard to its choice or conflict of law provisions. Each of Buyer, Parent and Seller hereby irrevocably and unconditionally consents to submit to the sole and exclusive jurisdiction of the state courts of the State of Delaware (or, if such court declines to accept jurisdiction over a particular matter or matters, in any federal district court within the State of Delaware) (the "Chosen Courts") for any litigation, controversy or dispute arising out of or relating to this Agreement or the other Transaction Documents, or the negotiation, validity or performance of this Agreement or the other Transaction Documents, or the transactions contemplated hereby or thereby (and agrees not to commence any litigation relating thereto except in such courts), waives any objection to the laying of venue of any such litigation in the Chosen Courts and agrees not to plead or claim in any Chosen Court that such litigation brought therein has been brought in any inconvenient forum. Each of the parties hereto agrees, (a) to the extent such party is not otherwise subject to service of process in the State of Delaware, to appoint and maintain an agent in the State of Delaware as such party's agent for acceptance of legal process and (b) that service of process may also be made on such party by prepaid certified mail to the addresses specified in this Agreement with a proof of mailing receipt validated by the United States Postal Service constituting evidence of valid service. Service made pursuant to (a) or (b) above shall have the same legal force and effect as if served upon such party personally within the State of Delaware.

Section 9.6 WAIVER OF JURY TRIAL. EACH PARTY TO THIS AGREEMENT ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY ARISING UNDER OR RELATING TO THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR THE FORMATION, BREACH, TERMINATION OR VALIDITY OF THIS AGREEMENT. Each party hereto certifies and acknowledges that (a) no Representative or any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver, (b) each party hereto understands and has considered the implications of this waiver, (c) each party hereto makes this waiver voluntarily and (d) each party hereto has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications of this Section 9.6. Either party hereto may file an original counterpart or a copy of this Agreement with any court as written evidence of the consent of the parties to the waiver of their right to trial by jury.

Section 9.7 Amendment. This Agreement may be amended by the parties hereto by an instrument in writing signed by Buyer, Parent and Seller.

Section 9.8 Extension; Waiver. At any time prior to the Closing Date, the parties hereto may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered pursuant hereto and (c) waive compliance by the other party with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension

or waiver shall be valid only if set forth in a written instrument signed on behalf of the party against whom such waiver or extension is to be enforced. Waiver of any term or condition of this Agreement by a party shall not be construed as a waiver of any subsequent breach or waiver of the same term or condition by such party, or a waiver of any other term or condition of this Agreement by such party.

Section 9.9 Assignment. Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned (by operation of Law or otherwise) by any of the parties hereto without the prior written consent of the other parties; provided, that each of Seller, Parent and Buyer may assign its rights and obligations (a) to an Affiliate or (b) in connection with a merger, consolidation, sale of all or substantially all of the assets or similar transaction involving Seller or its Affiliates or Buyer or Parent or any of their Affiliates, as the case may be. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. Any purported assignment in violation of this Section 9.9 shall be void *ab initio*. No assignment shall relieve the assigning party of any of its obligations hereunder. In addition, for so long as any Parent Party (or any Affiliate or assignee of any Parent Party) has any obligations to Seller or any of its Affiliates under this Agreement, in connection with any sale, transfer or other disposition of all or substantially all of either Parent Party's assets or business, whether direct or indirect, by purchase, merger, consolidation or otherwise or the sale or assignment of all of the Parent Party's (or its assignee's or Affiliate's) rights in the Company, the Company's Subsidiary or any rights to any Lixivaptan Product or Intellectual Property that the Company or its Subsidiary owns, licenses, sublicenses or otherwise possesses legally enforceable rights to use, the Parent Party (or its assignee) shall assign this Agreement and its rights, together with its obligations hereunder (including the obligation to issue equity and make Contingent Consideration Payments); for the avoidance of doubt, the foregoing shall not apply to (x) any grant of any license, distribution, marketing or other similar development or commercial right in and to any Lixivaptan Product or (y) any debt or other transaction in which a Parent Party or an Affiliate of a Parent Party grants a security interest in any Lixivaptan Product and/or assigns its right to receive proceeds from sales of any Lixivaptan Product or grant a security interest in such right to receive proceeds of sales in any Lixivaptan Product to one or more third parties providing financing to a Parent Party pursuant to the terms of a security or other agreement related to such financing (e.g., for purposes of a royalty financing arrangement), it being acknowledged and agreed that, notwithstanding any such arrangement, the Parent Party shall remain obligated hereunder (including the obligation to issue equity and make Contingent Consideration Payments).

Section 9.10 No Third-Party Beneficiaries. Except as expressly provided in Article VIII, which is intended to provide rights of the parties named therein as third party beneficiaries, this Agreement is not intended to confer upon any other Person any rights or remedies hereunder.

Section 9.11 Mutual Drafting. The parties hereto are sophisticated and have been represented by attorneys throughout the transactions contemplated hereby who have carefully negotiated the provisions hereof. As a consequence, the parties do not intend that the presumptions of Laws or rules relating to the interpretation of contracts against the drafter of any particular clause should be applied to this Agreement or any agreement or instrument executed in connection herewith, and therefore waive their effects.

Section 9.12 Prior Company Counsel. Each Parent Party hereby acknowledges that Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, L.L.P. prior to the Closing ("Prior Company Counsel") represented the Company and its Subsidiary. Each Parent Party agrees that to the extent it, through its acquisition of the Company, acquires any right to treat the Prior Company Counsel as either Parent Party's counsel or former counsel, it will not, solely as a result thereof, take any action to disqualify the Prior Company Counsel from acting and continuing to act as counsel to any of the Company's Affiliates or former Affiliates (including Seller) in connection with any matters arising out of or related in any way to the Transaction Documents or in the event of a dispute related to the Transaction Documents or the transactions contemplated thereby. Each Parent Party further agrees that, as to all communications among Prior Company Counsel and the Company or its Affiliates, to the extent such communications are specifically related to the transactions contemplated by this Agreement, the attorney-client privilege and the expectation of client confidences belongs to the Company or its Affiliates and shall not pass to or be claimed by either Parent Party.

Section 9.13 Specific Performance. The parties hereto acknowledge and agree that the failure of any party to perform its agreements and covenants hereunder, including such party's failure to take all actions as are necessary on such party's part in accordance with the terms and conditions of this Agreement to consummate the transactions contemplated hereby will cause irreparable injury to the other parties, for which damages, even if available, will not be an adequate remedy. Accordingly, each party hereby consents to the issuance of injunctive relief by any court of competent jurisdiction to compel performance of such party's obligations and to the granting by any court of the remedy of specific performance of such party's obligations hereunder.

Section 9.14 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 9.15 Entire Agreement. This Agreement, the other Transaction Documents and the Confidentiality Agreements and the other agreements, instruments and documents delivered or required to be delivered in connection with the execution of this Agreement or at the Closing constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and undertakings, both written and oral, between the parties with respect to the subject matter hereof and thereof. The parties have voluntarily agreed to define their rights, liabilities and obligations with respect to the sale of the Shares exclusively in contract pursuant to the express terms and provisions of this Agreement, the other Transaction Documents, the Confidentiality Agreements and the other agreements, instruments and documents delivered or required to be delivered in connection with the execution of this Agreement or at the Closing, and the parties hereby expressly disclaim that they are owed any duties or are entitled to any remedies not expressly set forth herein and therein.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Stock Purchase Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

PARENT: **PALLADIO BIOSCIENCES, INC.**

By: /s/ Lorenzo Pellegrini
Name: Lorenzo Pellegrini
Title: Chief Executive Officer

BUYER: **PALLADIO ACQUISITION SUB, INC.**

By: /s/ Lorenzo Pellegrini
Name: Lorenzo Pellegrini
Title: Chief Executive Officer

SELLER: **CHIESI USA, INC.**

By: /s/ Ken McBean
Name: Ken McBean
Title: President and Chief Executive Officer

Exhibit A

[####]

Exhibit B

[####]

Exhibit C

[####]

Exhibit D

[####]

Exhibit E

[####]

Exhibit F

[####]

Exhibit 10.28

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

by and among

CORNERSTONE THERAPEUTICS INC.,

COHESION MERGER SUB, INC.,

CARDIOKINE, INC.

and

SHAREHOLDER REPRESENTATIVE SERVICES LLC

Dated as of December 28, 2011

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") is entered into as of December 28, 2011, by and among Cornerstone Therapeutics Inc., a Delaware corporation (the "Buyer"), Cohesion Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Buyer (the "Transitory Subsidiary"), Cardiokine, Inc., a Delaware corporation (the "Company"), and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the Indemnification Representative.

WHEREAS, the Boards of Directors of the Buyer and the Company deem it advisable and in the best interests of each corporation and their respective stockholders that the Buyer acquire the Company in order to advance the long-term business interests of the Buyer and the Company; and

WHEREAS, the acquisition of the Company shall be effected through a merger (the "Merger") of the Transitory Subsidiary with and into the Company in accordance with the terms of this Agreement and the Delaware General Corporation Law (the "DGCL"), as a result of which the Company shall become a wholly owned subsidiary of the Buyer.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Buyer, the Transitory Subsidiary and the Company agree as follows:

ARTICLE I

THE MERGER

1.1 Effective Time of the Merger. Subject to the provisions of this Agreement, prior to the Closing, the Buyer and the Company shall jointly prepare, and immediately following the Closing the Surviving Corporation shall cause to be filed with the Secretary of State of the State of Delaware, a certificate of merger (the "Certificate of Merger") in such form as "is" required by, and executed in accordance with, the relevant provisions of the DGCL and shall make all other filings or recordings required under the DGCL. The Merger shall become effective upon the filing of the Certificate of Merger with the Secretary of State of the State of Delaware or at such later time as is established by the Buyer and the Company and set forth in the Certificate of Merger (the "Effective Time").

1.2 Closing. The closing of the Merger (the "Closing") shall take place at 10:00 a.m., Eastern time, on December 30, 2011 (the "Closing Date"), subject to satisfaction or waiver of the conditions set forth in Article VII (other than delivery of items to be delivered at the Closing and other than satisfaction of those conditions that by their nature are to be satisfied at the Closing, it being understood that the occurrence of the Closing shall remain subject to the delivery of such items and the satisfaction or waiver of such conditions at the Closing), at the offices of Wilmer Cutler Pickering Hale and Dorr LLP, 60 State Street, Boston, Massachusetts 02109, unless another date, place or time is agreed to in writing by the Buyer and the Company. For purposes of this Agreement, a "Business Day" shall be any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions located in New York, New York are permitted or required by law, executive order or governmental decree to remain closed.

1.3 Effects of the Merger. At the Effective Time (a) the separate existence of the Transitory Subsidiary shall cease and the Transitory Subsidiary shall be merged with and into the Company (the Company following the Merger is sometimes referred to herein as the "Surviving Corporation") and (b) the Certificate of Incorporation of the Company as in effect on the date of this Agreement shall be amended in its entirety to read as set forth on Exhibit A. The by-laws of the Transitory Subsidiary, as in effect immediately prior to the Effective Time, shall be the by-laws of the Surviving Corporation until thereafter amended as provided by law, by the terms of the certificate of incorporation of the Surviving Corporation and by the terms of such by-laws. The Merger shall have the effects set forth in Section 259 of the DGCL.

1.4 Directors and Officers of the Surviving Corporation.

(a) The directors of the Transitory Subsidiary immediately prior to the Effective Time shall be the initial directors of the Surviving Corporation, each to hold office in accordance with the Certificate of Incorporation and By-laws of the Surviving Corporation.

(b) The officers of the Transitory Subsidiary immediately prior to the Effective Time shall be the initial officers of the Surviving Corporation, each to hold office in accordance with the Certificate of Incorporation and By-laws of the Surviving Corporation.

1.5 Stock Certificates. At the Closing, the Company shall deliver to the Buyer, for cancellation by the Buyer, all stock certificates representing, as of immediately prior to the Effective Time, shares of Company Stock.

1.6 Statement of Liabilities. No later than three (3) Business Days prior to the Closing, the Company shall prepare and deliver to the Buyer a certificate containing a description and the outstanding balance of the Liabilities contemplated by Section 3.5(b) of this Agreement, including the timing and amounts of payments with respect to any such Liabilities required after the Closing, if any.

1.7 Charter Amendment. Promptly following execution and delivery of this Agreement, the Company shall file with the Secretary of State of the State of Delaware the Certificate of Amendment of the Second Amended and Restated Certificate of Incorporation of the Company attached as Exhibit B.

ARTICLE II

CONVERSION OF SECURITIES

2.1 Conversion of Capital Stock; Product Payments.

(a) Capital Stock of the Transitory Subsidiary. At the Effective Time, each share of the common stock of the Transitory Subsidiary issued and outstanding immediately prior to the Effective Time shall, by virtue of the Merger, be converted into and become one fully paid and nonassessable share of common stock, $0.001 par value per share, of the Surviving Corporation.

(b) Cancellation of Treasury Stock and Buyer-Owned Stock. At the Effective Time, all shares of common stock, par value $0.0001 per share, of the Company ("Company Common Stock"), Series A Convertible Preferred Stock, par value $0.001 per share, of the Company ("Company Series A Convertible Preferred Stock"), Series B Convertible Preferred Stock, par value $0.001 per share, of the Company ("Company Series B Convertible Preferred Stock") and Series B1 Preferred Stock, par value $0.001 per share, of the Company ("Company Series B1 Preferred Stock" and, together with Company Series A Convertible Preferred Stock and Company Series B Convertible Preferred Stock, "Company Preferred Stock", and together with Company Common Stock, Company Series A Convertible Preferred Stock and Company Series B Convertible Preferred Stock, the "Company Stock"), that are owned by the Company as treasury stock or by any wholly owned Subsidiary of the Company and any shares of Company Stock owned by the Buyer, the Transitory Subsidiary or any other wholly owned Subsidiary of the Buyer immediately prior to the Effective Time shall, by virtue of the Merger, be cancelled and shall cease to exist and no payment or consideration shall be delivered in exchange therefor.

(c) Conversion of Company Stock. Each share of Company Stock outstanding immediately prior to the Effective Time (other than (i) Dissenting Shares and (ii) shares cancelled pursuant to Section 2.1(b)) shall, by virtue of the Merger and without any action on the part of the Buyer or any holder of Company Stock, be converted into the right to receive the amounts, if any, to which the holder of such share is entitled pursuant to Section 2.6(b) (such amounts, the "Applicable Merger Consideration").

(d) Product Payments. The Buyer shall make the following payments, in each case, in accordance with Section 2.6 (each, a "Product Payment"):

(i) [####]

[####]

[####]

(e) Payments for Company Cash and Cash Equivalents. At the Closing, the Buyer shall pay to the party or account designated by the Indemnification Representative, (1) [####] (the "Initial Common Amount") for distribution to the holders of Company Common Stock, with each such holder being paid his, her or its Common Pro Rata Share of the Initial Common Amount by the Indemnification Representative and (2) for distribution to the Company Participating Equityholders in accordance with Section 2.6(b), an amount in cash equal to (w) the amount of cash and cash equivalents held by the Company as of the close of business on the Business Day prior to the Closing Date minus (x) the amount necessary for the Company to meet its Liabilities in excess of [####] (the "Excess Liability Amount") minus (y) [####] (the "General Escrow Funds") minus (z) the Initial Common Amount. The Surviving Corporation shall provide the Company Participating Equityholders reasonable access upon written request to the books and records of the Company, solely as they relate to the amount of cash and cash equivalents held by the Company as of the close of business on the Business Day prior to the Closing Date, during business hours during the five (5) Business Days immediately following the Closing Date.

(f) General Escrow. At the Closing, the Buyer shall deposit the General Escrow Funds in an account (the "General Escrow Account) with JP Morgan Chase Bank, N.A. (the "Escrow Agent") pursuant to an escrow agreement attached as Exhibit C, to secure the indemnification obligations of the Company Participating Equityholders under this Agreement. On the date that is 18 months after the Closing Date, the Buyer and the Indemnification Representative shall jointly instruct the Escrow Agent to release any remaining General Escrow Funds not otherwise subject to outstanding claims pursuant to Article IX hereof to the party or account designated by the Indemnification Representative for further distribution in accordance with Section 2.6(b).

2.2 Dissenting Shares.

(a) Notwithstanding anything to the contrary contained in this Agreement, shares of Company Stock held by a holder who has made a demand for appraisal of such shares of Company Stock in accordance with the DGCL (any such shares being referred to as "Dissenting Shares" until such time as such holder fails to perfect or who shall have effectively withdrawn or otherwise loses such holder's appraisal rights under the DGCL with respect to such shares) shall not be converted into or represent the right to receive the Applicable Merger Consideration in accordance with Section 2.1, but shall be entitled only to such rights as are granted by the DGCL to a holder of Dissenting Shares.

(b) If any Dissenting Shares shall lose their status as such (through failure to perfect or otherwise), then, as of the later of the Effective Time or the date of loss of such status, such shares shall automatically be converted into and shall represent only the right to receive the Applicable Merger Consideration payable in respect thereof pursuant to this Agreement, without interest thereon, upon surrender of the Certificate formerly representing such shares.

(c) The Company shall give the Buyer: (i) prompt notice of any written demand for appraisal received by the Company prior to the Effective Time pursuant to the DGCL, any withdrawal of any such demand and any other demand, notice or instrument delivered to the Company prior to the Effective Time pursuant to the DGCL that relates to such demand and (ii) the opportunity to participate in all negotiations and proceedings with respect to any such demand, notice or instrument. The Company shall not make any payment or settlement offer prior to the Effective Time with respect to any such demand, notice or instrument unless the Buyer shall have given its written consent to such payment or settlement offer, which consent shall not be unreasonably withheld, conditioned or delayed.

2.3 Indemnification Representative

(a) Shareholder Representative Services LLC (the "Indemnification Representative") is hereby authorized to act on behalf of the Company Participating Equityholders in connection with the transactions contemplated by this Agreement and in any litigation or arbitration involving this Agreement, and to make payments to Company Participating Equityholders pursuant to Section 2.6. In connection therewith, the Indemnification Representative is authorized to do or refrain from doing all further acts and things, and to execute all such documents as the Indemnification Representative shall deem necessary or appropriate, and shall have the power and authority to:

(i) act for the Company Participating Equityholders with regard to all matters pertaining to indemnification pursuant to Article IX of this Agreement, including the power to compromise any indemnity claim on behalf of the Company Participating Equityholders and to transact matters of litigation;

(ii) execute and deliver all amendments, waivers, ancillary agreements, certificates and documents that the Indemnification Representative deems necessary or appropriate in connection with the consummation of the transactions contemplated by this Agreement;

(iii)receive funds, make payments of funds, and give receipts for funds, or appoint an agent or advisor for such purposes;

(iv)do or refrain from doing any further act or deed on behalf of the Company Participating Equityholders that the Indemnification Representative deems necessary or appropriate in their discretion relating to the subject matter of this Agreement as fully and completely as the Company Participating Equityholders could do if personally present;

(v) give and receive all notices required to be given or received by the Company Participating Equityholders under this Agreement; and

(vi)receive service of process in connection with any claims under this Agreement.

(b) All decisions and actions by the Indemnification Representative shall be binding upon all Company Participating Equityholders, and no Company Participating Equityholder shall have the right to object, dissent, protest or otherwise contest the same.

(c) Prior to the Effective Time, the Company shall pay $0 to the Indemnification Representative (the "Indemnification Representative's Fund"), which Indemnification Representative's Fund shall be maintained by the Indemnification Representative in a segregated account (the "Indemnification Representative's Account"). The Indemnification Representative shall be reimbursed for reasonable out-of-pocket expenses incurred in the performance of its duties (including the reasonable fees and expenses of counsel) under this Agreement from the Indemnification Representative's Fund. Upon the determination of the Indemnification Representative that the Indemnification Representative's Fund is no longer necessary in connection with indemnification claims that may be brought hereunder, the Indemnification Representative shall distribute to the Company Participating Equityholders (solely out of the Indemnification Representative's Fund) the amount remaining in the Indemnification Representative's Fund after payment of all of the Indemnification Representative's out-of-pocket expenses incurred in connection with its services as Indemnification Representative (such

amount, the "Residual Indemnification Representative's Fund Amount") in accordance with Section 2.6(b) hereof. The Indemnification Representative shall hold and disburse the Indemnification Representative's Account in trust for all of the Company Participating Equityholders, and the Indemnification Representative's Account shall not be used for any other purpose and shall not be available to the Buyer to satisfy any claims hereunder. The Company Participating Equityholders shall not receive interest or other earnings on the Indemnification Representative's Account and the Company Participating Equityholders irrevocably transfer and assign to the Indemnification Representative any ownership right that they may have in any interest that may accrue on funds held in the Indemnification Representative's Account. The Company Participating Equityholders acknowledge that the Indemnification Representative is not providing any investment supervision, recommendations or advice. The Indemnification Representative shall have no responsibility or liability for any loss of principal of the Indemnification Representative's Account other than as a result of its gross negligence or willful misconduct. For tax purposes, the Indemnification Representative's Account shall be treated as having been received and voluntarily set aside by the Company Participating Equityholders at the time of Closing. The Company Participating Equityholders shall not receive interest or other earnings on the Indemnification Representative's Account and the Company Participating Equityholders irrevocably transfer and assign to the Indemnification Representative any ownership right that they may have in any interest that may accrue on funds held in the Indemnification Representative's Account as a fee to the Indemnification Representative. The Company Participating Equityholders acknowledge that the Indemnification Representative is not providing any investment supervision, recommendations or advice. The Indemnification Representative shall have no responsibility or liability for any loss of principal of the Indemnification Representative's Account other than as a result of its gross negligence or willful misconduct. The parties agree that the Indemnification Representative is not acting as a withholding agent or in any similar capacity in connection with the Indemnification Representative's Account. If any tax reporting is required with respect to the ultimate distribution of any balance of the Indemnification Representative's Account, then the Indemnification Representative will provide to Buyer or its designated agent, upon request, information regarding the amounts distributed to each Company Participating Equityholder, to be used by Buyer or its agent in completing any required tax reporting. Any portion of the Indemnification Representative's Account that remains undeliverable or unclaimed after six months of the initial delivery attempt shall promptly be paid to Buyer and handled in the same manner as other unclaimed funds as provided in this Agreement.

(d) The Indemnification Representative shall act for the Company Participating Equityholders on all of the matters set forth in this Agreement in the manner the Indemnification Representative believes to be in the best interest of the Company Participating Equityholders. The Indemnification Representative is authorized to act on behalf of the Company Participating Equityholders notwithstanding any dispute or disagreement among the Company Participating Equityholders. In taking any actions as Indemnification Representative, the Indemnification Representative may rely conclusively, without any further inquiry or investigation, upon any certification or confirmation, oral or written, given by any person the Indemnification Representative reasonably believes to be authorized thereunto. The Indemnification Representative may, in all questions arising hereunder, rely on the advice of counsel, and the Indemnification Representative shall not be liable to any of the parties hereto or to any Company Participating Equityholder for anything done, omitted or suffered in good faith by the

Indemnification Representative based on such advice. The Indemnification Representative undertakes to perform such duties and only such duties as are specifically set forth in this Agreement and no implied covenants or obligations shall be read into this Agreement against the Indemnification Representative. The Indemnification Representative shall not have any liability to any of the parties hereto or the Company Participating Equityholders for any act done or omitted hereunder as Indemnification Representative while acting in good faith. The Indemnification Representative shall be indemnified by the Company Participating Equityholders from and against any loss, liability or expense arising out of or in connection with the acceptance or administration of its duties hereunder from the Indemnification Representative's Fund, in each case as such loss, liability or expense is incurred or suffered, provided that in the event it is finally adjudicated that any such loss, liability or expense was primarily caused by the bad faith of the Indemnification Representative, the Indemnification Representative will reimburse the Company Participating Equityholders the amount of such loss, liability or expense attributable to such bad faith. In the event that the Indemnification Representative's Fund is insufficient to fully reimburse the Indemnification Representative for such indemnified losses, liabilities or expenses, the Indemnification Representative shall be entitled to deduct and retain the amount of such shortfall out of any General Escrow Funds, NOL Tax Refund or Contingent Consideration received on behalf of the Indemnification Representative that the Indemnification Representative would otherwise be obligated to cause to be distributed to the Company Participating Equityholders pursuant to Section 2.6(b); provided that nothing in this Section shall (i) relieve the Company Participating Equityholders from their obligation to promptly pay such losses, liabilities or expenses as they are suffered or incurred or (ii) prevent the Indemnification Representative from seeking any remedies available to it at law or otherwise.

(e) Access to Information.

(i) The Indemnification Representative shall have reasonable access to relevant information of the Company, its Subsidiaries, the Buyer and their Affiliates and the reasonable assistance of the employees of the Company, its Subsidiaries, the Buyer and their Affiliates solely for the purposes of (A) evaluating claims for indemnification made under Article IX and performing their duties and exercising their rights related to any such claims under Article IX and (B) evaluating the information provided pursuant to, and performing their duties and exercising their rights pursuant to, Section 2.5(d); provided that the Indemnification Representative shall enter into a reasonable confidentiality agreement in a form reasonably satisfactory to the accountants, auditors or other professional advisors of the Buyer or the Surviving Corporation if requested by them prior to granting access to such information.

(ii) The Indemnification Representative shall treat confidentially and not disclose any nonpublic information disclosed to them pursuant to this Section 2.3(e) or Section 2.5(d) to anyone except as required by law, regulation or court order, provided that (x) any Indemnification Representative may disclose to legal counsel and other advisors (for the same purposes as to which the Indemnification Representative may use such information pursuant to Section 2.3(e)(i)(A) or (B)) any information disclosed to the Indemnification Representative pursuant to Section 2.3(e)(i)(A) or (B) or Section 2.5(d), (y) the Indemnification Representative (or legal counsel or other advisor to whom information is disclosed pursuant to clause (x) above) may disclose in any proceeding relating to a claim for indemnification under Article IX or a

dispute relating to Section 2.5 (or, in either case, discussions in preparation therefor) any information disclosed to the Indemnification Representative pursuant to Section 2.3(e)(i)(A) or (B) or Section 2.5(d), and (z) the Indemnification Representative may disclose to any Company Participating Equityholder any information disclosed to the Indemnification Representative pursuant to Section 2.3(e)(i)(A) or (B) or Section 2.5(d) provided that such Company Participating Equityholder has agreed to be bound by obligations of confidentiality to the Indemnification Representative of at least a high as standard as those imposed on the Indemnification Representative in this Agreement or has agreed with the Company, or with the Company as a third party beneficiary of such agreement, to maintain the confidentiality of such information.

(f) In the event the Indemnification Representative becomes unable to perform its responsibilities hereunder or resigns from such position, the Company Participating Equityholders (acting by a written instrument signed by holders of Company Stock who held, as of immediately prior to the Effective Time, a majority (by voting power) of the then outstanding shares of Company Stock) shall select another representative to fill the vacancy of the Indemnification Representative, and such substituted representative shall be deemed to be an Indemnification Representative for all purposes of this Agreement. The Indemnification Representative may only be removed upon delivery of written notice to the Buyer signed by holders of Company Stock who held, as of immediately prior to the Effective Time, a majority (by voting power) of the then outstanding shares of Company Stock.

(g) For all purposes of this Agreement:

(i) the Buyer shall be entitled to rely conclusively on the instructions and decisions of the Indemnification Representative as to the settlement of any claims for indemnification by the Buyer pursuant to Article IX hereof, or any other actions required or permitted to be taken by the Indemnification Representative hereunder, and no party hereunder shall have any cause of action against the Buyer for any action taken by the Buyer in reliance upon the instructions or decisions of the Indemnification Representative;

(ii) the provisions of this Section 2.3 are independent and severable, are irrevocable and coupled with an interest and shall be enforceable notwithstanding any rights or remedies that any Company Participating Equityholder may have in connection with the transactions contemplated by this Agreement; and

(iii)the provisions of this Section 2.3 shall be binding upon the executors, heirs, legal representatives, personal representatives, successor trustees and successors of each Company Participating Equityholder, and any references in this Agreement to a Company Participating Equityholder shall mean and include the successors to the rights of each applicable Company Participating Equityholder, respectively, hereunder, whether pursuant to testamentary disposition, the laws of descent and distribution or otherwise.

2.4 Treatment of Company Options.

(a) At the Effective Time, each option to purchase Company Common Stock (a "Company Option"), whether vested or unvested, that is outstanding as of immediately prior to the Effective Time will be cancelled in exchange for the right to receive, without interest, the amounts, if any, to which the holder of such Company Option is entitled pursuant to Section 2.6(b). After the Effective Time, any such cancelled Company Option shall no longer be exercisable by the holder thereof for, or otherwise entitle the holder thereof to receive, shares of Company Common Stock (or any other equity security), but shall only entitle such holder to the potential payments described in the first sentence of this Section 2.4(a). Section 2.4(a) of the Company Disclosure Schedule sets forth with respect to each Company Option the name of the holder, the number of shares subject thereto, the grant date, exercise price and termination date. "Company Stock Plan" means the Company's 2004 Stock Incentive Plan.

(b) Prior to the Closing, the Company shall take all actions that are necessary to effect the transactions contemplated by Section 2.4(a) and shall provide Buyer with evidence of the same. As soon as practicable following the execution of this Agreement, the Company shall mail to each holder of a Company Option a letter describing the treatment of such Company Option pursuant to this Section 2.4.

2.5 Contingent Consideration.

(a) "Contingent Consideration" means each of the following payments (each, a "Contingent Payment"):

(i) The following payments based on [####]

(A) [####] and

(B) [####]

(ii) Subject to Section 2.5(b), the applicable Earnout Percentage of the Net Sales Payments, payable within [####] during the Earnout Period in the United States, where "Net Sales Payments" means Net Sales of Lixivaptan Products sold in the United States by a Selling Person during such calendar quarter, and "Earnout Percentage" means:

(A) [####] or

(B) [####]

(iii)The following payments:

(A) [####]

(B) [####]

(C) [####] and

(D) [####] and

(iv) [####]

(A) [####] or:

(1) [####] or

(2) [####]

(B) [####] and

(C) [####] and

(v) [####]

For the avoidance of doubt, any Sales Milestone may be satisfied in the same calendar quarter as any other Sales Milestone, and Sales Milestones are measured on a rolling four (4) consecutive calendar quarter basis.

(b) Generic Competition. Upon the first commercial sale by any Person (other than Buyer, any of Buyer's Affiliates or any other Selling Person) of a product which received Regulatory Approval from the FDA of an abbreviated new drug application using a Lixivaptan Product as its reference product, the rate payable pursuant to Section 2.5(a)(ii)(A) or Section 2.5(a)(ii)(B), as applicable, shall be reduced by 50%.

(c) Diligence. From and after the Effective Time, the Buyer shall, and shall cause its Affiliates (including the Surviving Corporation) to, use Commercially Reasonable Efforts to obtain: (i) Marketing Approval for a Lixivaptan Product and commercialize Lixivaptan Product in the United States, and (ii) Regulatory Approval in Europe for a Lixivaptan Product and commercialize Lixivaptan Product in Europe after receipt of such Regulatory Approval (each of clause (i) and (ii), a "Diligence Objective"). From and after the Effective Time, the Buyer shall include in its agreements with Selling Persons (other than the Buyer and its Affiliates) provisions providing for efforts consistent with those required under this Section 2.5(c) by the Buyer and its Affiliates and shall use commercially reasonable efforts to enforce such provisions. "Commercially Reasonable Efforts" as used in this Section 2.5(c) means, with respect to the efforts to be expended by the relevant Selling Person with respect to a Diligence Objective, commercially reasonable efforts and resources that are of a substantially similar level of effort and resources that specialty pharmaceutical companies of size and resources comparable to those of the Buyer and its Affiliates, collectively, typically exercise to accomplish a similar objective under similar circumstances with respect to drugs or drug candidates of similar commercial potential at a similar stage in their development or product lifecycle to that of Lixivaptan or the relevant Lixivaptan Product, taking into account all relevant factors at the time such efforts are expended, which may include, as applicable, efficacy, safety, approved labeling, the competitiveness of alternative products in the marketplace, the patent and other proprietary position of the drugs or drug candidates, the likelihood of Regulatory Approval and the expected financial return, profitability and commercial potential of the drugs or drug candidates, but disregarding any financial obligations that are owed by the Buyer under this Agreement.

(d) Reporting.

(i) Until the end of the Last Measured Earnout Period, the Buyer shall provide the Indemnification Representative, within 30 days following January 1st and July 1st of each calendar year, with reasonably detailed semiannual written reports of the efforts of the Selling Persons to achieve each of the Diligence Objectives and their progress with respect thereto.

(ii) With respect to the achievement of any of the Diligence Objectives, the Buyer shall provide written notice to the Indemnification Representative of such occurrence no later than 5 Business Days after the Buyer or its Affiliates becoming aware of the the occurrence thereof and the Buyer shall use commercially reasonable efforts to become aware of such occurrence.

(iii) Until the end of the Last Measured Earnout Period (the "Audit Period"), and thereafter as needed for any audit requested during the Audit Period, the Buyer shall, and shall cause its Affiliates (including the Surviving Corporation) to, keep such complete and accurate books and records as may be necessary to ascertain the efforts of the Selling Persons to achieve the Diligence Objectives and the amounts of any payments owed hereunder. From and after the Effective Time, the Buyer shall include in its agreements with Selling Persons (other than the Buyer and its Affiliates) providing for efforts consistent with those required under

this Section 2.5(d)(iii) by the Buyer and its Affiliates and shall use commercially reasonable efforts to enforce such provisions. During the Audit Period, (1) for each calendar quarter in which a Contingent Payment comes due or with respect to which a Contingent Payment is calculated, the Buyer shall furnish the Indemnification Representative with a quarterly report of each Contingent Payment due during such quarter or calculated with respect to such quarter, and all relevant information required to calculate such Contingent Payment, within 30 days after the end of each calendar quarter; and (2) for each other calendar quarter, the Buyer shall furnish the Indemnification Representative with a written notice that no Contingent Payment is due. Each report pursuant to clause (1) shall include (A) Net Sales, on a country-by-country basis, during such calendar quarter, (B) Annual Net Sales during each consecutive four calendar quarter period ending during such calendar quarter, (C) the "gross to net" adjustments with respect to the calculation of Net Sales for such calendar quarter, on a country-by-country basis, (D) if any deduction is made to Net Sales during such calendar quarter pursuant to clause (B) of the definition of Net Sales, an explanation of how the share of the excise tax deducted pursuant to such clause (B) was allocated to Lixivaptan Product sales, and (E) the amount of each Approval Contingent Payment, Ex-US Payment and US Payment and the calculation thereof.

(iv)Upon the written request of the Indemnification Representative, the Buyer shall, and shall cause its Affiliates (including the Surviving Corporation) to, permit an independent public accountant (the "Independent Auditor") selected by the Indemnification Representative and reasonably satisfactory to the Buyer, at the Company Participating Equityholders' expense (to be paid through the Indemnification Representative's Fund or otherwise be caused to be paid by the Indemnification Representative solely on behalf of the Company Participating Equityholders), to have reasonable access solely in response to a request made during the Audit Period, upon reasonable prior notice and during normal business hours, but no more than once during any calendar year, to inspect the records specified in Section 2.5(d)(iii) for the purpose of determining the accuracy of the reports described in Section 2.5(d)(i) and Section 2.5(d)(iii). If the Independent Auditor concludes that any Contingent Payment was underreported for any reporting period by more than ten percent (10%), the Buyer shall promptly reimburse the Indemnification Representative's Fund or the Indemnification Representative, as applicable, for the reasonable out-of-pocket costs of the audit. From and after the Effective Time, (a) the Buyer shall include in its agreements with Selling Persons (other than the Buyer and its Affiliates) provisions providing the Buyer with inspection rights consistent with those provided to the Indemnification Representative under this Section 2.5(d)(iv), such inspections to be conducted by the Buyer at its expense through an Independent Auditor selected by the Buyer and reasonably satisfactory to the Indemnification Representative, (b) the Buyer shall use commercially reasonable efforts to enforce such provisions, and (c) the Buyer shall promptly provide the Indemnification Representative with the results of any such inspection.

(v) Any nonpublic records, data, results, reports and other information granted access to or disclosed by the Buyer, its Affiliates, or any other Selling Person pursuant to this Section 2.5(d) shall be treated in accordance with Section 2.3(e)(ii).

(e) Overdue Payments. Any Net Equityholder Distribution Amount not paid when due shall bear interest from the due date until the date of payment thereof at a rate of 10% per annum, compounded monthly, provided that interest shall not accrue at a rate that exceeds the maximum rate permitted by applicable law.

(f) Definitions. For the purposes of this Agreement the following terms shall have the following meanings:

(i) “Annual Net Sales” shall mean the Net Sales of Lixivaptan Products during any consecutive four calendar quarter period ending prior to the expiration of the Last Measured Earnout Period.

(ii) “Approval” shall mean any of the following indications for which the FDA grants Marketing Approval for a Lixivaptan Product:

(A) euvolemic hyponatremia (“Approval A”), or

(B) euvolemic hyponatremia and hypervolemic hyponatremia, regardless of whether therapy is initiated inside or outside of a hospital (“Approval B”);

where, “euvolemic hyponatremia” means hyponatremia associated with the Syndrome of Inappropriate Anti-Diuretic Hormone secretion (SIADH), and “hypervolemic hyponatremia” means hyponatremia associated with Congestive Heart Failure (CHF), and Approval B shall be deemed received whether or not other forms of hypervolemic hyponatremia (including hypervolemic hyponatremia associated with liver cirrhosis or hypervolemic hyponatremia in patients with acutely decompensated heart failure) are contraindicated or the subject of a warning in the label.

(iii)“Earnout Period” shall mean, on a country-by-country basis, the period commencing on the Closing Date and expiring upon the later of: (A) expiration of the last Valid Claim of any Lixivaptan Patent Right in such country, or (B) the expiration of the market exclusivity period(s) granted by a Regulatory Authority for Lixivaptan Product in such country during which such Regulatory Authority will not grant Regulatory Approval of a product (1) containing lixivaptan or the active moiety thereof, (2) using a Lixivaptan Product as its reference product, or (3) relying in any other manner on the regulatory data or filings for a Lixivaptan Product.

(iv)“Europe” shall mean (A) the European Union, as constituted as of the relevant time, or (B) if the European Union is disbanded, the countries on the continent of Europe.

(v) “Ex-US Payments” shall mean any amounts (including Ex-US Net Sales Payments) actually received by the Buyer or any of its Affiliates (including the Surviving Corporation), calculated net of Taxes incurred by the Buyer or any of its Affiliates (including the Surviving Corporation) in connection with the receipt of such amounts (which Taxes shall be deemed to be incurred at a combined rate of 42% (the “Assumed Tax Rate”)) and without duplication, after the Effective Time from a Selling Person or its Affiliate (other than the Buyer or its Affiliates) in consideration: (A) for granting a Selling Person a license, sublicense or other similar rights with respect to a Lixivaptan Product (including a license or sublicense of any Lixivaptan Patent Rights) outside the United States at any time prior to the end of the applicable Earnout Period, (B) for selling, assigning or transferring to a Selling Person any Company Intellectual Property or Third Party Intellectual Property owned by or licensed to the Company or any of its Subsidiaries as of immediately prior to the Effective Time (including any Lixivaptan

Patent Right), outside the United States at any time prior to the end of the applicable Earnout Period, or (C) for consummating an Ex-US Lixivaptan Product Line Sale at any time prior to the end of the applicable Earnout Period; provided, that, with respect any sale of active ingredient in bulk, such amounts shall only include the net profit realized by Buyer and its Affiliates with respect to such sale and the Buyer and the Indemnification Representative shall negotiate in good faith upon such a sale to agree upon the calculation thereof. For the avoidance of doubt, Ex-US Payments exclude the portion of any payments made to Buyer or its Affiliates by a Selling Person in respect of the Buyer's obligations to make a Sales Milestone Payment pursuant to this Agreement which portion is required to be paid by Buyer hereunder.

(vi)"Ex-US Lixivaptan Product Line Sale" shall mean a sale, transfer or assignment to any third party who is not an Affiliate of the Buyer of any material rights relating to any Lixivaptan Product outside the United States (including any applicable Lixivaptan Patent Rights, Regulatory Approvals or active ingredient in bulk), other than, for the avoidance of doubt, sales of a Lixivaptan Product subject to royalties paid to Buyer or its Affiliates by the relevant Selling Person measured as a percentage of sales.

(vii) [####]

(viii) [####]

(ix)"Last Measured Earnout Period" shall mean the longest of (a) the Earnout Period in the United States, (b) the Earnout Period in Europe, and (c) the Earnout Period in any country in which, at the end of the longer of the Earnout Period in the United States and the Earnout Period in Europe, any Lixivaptan Product is then being sold by a Selling Person.

(x) "Lixivaptan Patent Right" shall mean the rights and interests in and to the patent or patent application owned by or licensed to Company or any of its Subsidiaries as of immediately prior to the Effective Time which claims the composition of matter, use or method of manufacture of any Lixivaptan Product, or any Counterpart thereof, regardless of whether such patent or patent application, as of the relevant time, is owned by or licensed to Buyer, any of its Affiliates (including the Surviving Corporation) or any Selling Person or Affiliate of a Selling Person. For purposes of this definition, "Counterpart" shall mean (A) all divisionals, continuations, continuations-in-part of any patent application; (B) any patents (including certificates of correction) issuing from a patent application; (C) any substitutions, extensions (including supplemental protection certificates), registrations, confirmations, reissues, re-examinations and renewals of any of the patents and patent applications described in clause (A) or (B); and (D) foreign counterparts of any of the foregoing.

(xi)"Lixivaptan Product" shall mean Lixivaptan or any pharmaceutical product containing lixivaptan as an active pharmaceutical ingredient.

(xii) “Lixivaptan Product Line Buyer” shall mean any Person (other than Buyer and its Affiliates) with whom Buyer or any of its Affiliates (including the Surviving Corporation), directly or indirectly consummates a Lixivaptan Product Line Sale.

(xiii) “Marketing Approval” shall mean the approval by the FDA of a new drug application for a Lixivaptan Product.

(xiv) “Net Sales” shall mean the gross amount invoiced for any sale of a Lixivaptan Product by a Selling Person to a non-Affiliate of the Selling Person or to an Affiliate of the Selling Person if such Affiliate is not itself a Selling Person, less the sum of the following deductions, in each case to the extent actually and reasonably allowed or incurred in connection with such sale of such Lixivaptan Product in accordance with GAAP:

(A) reasonable and customary trade, cash and quantity discounts off the invoiced price;

(B) all excise, sales and other consumption taxes and custom duties to the extent included in the invoice price; provided, however, that, with respect to excise tax payments pursuant to Section 9008 of the Patient Protection and Affordable Care Act of 2010, any such deduction shall be limited to the proportionate share of such excise tax equal to the proportionate share that the aggregate sales of such Lixivaptan Product by such Selling Person during the period to which such excise tax relates bears to the aggregate sales of all products by such Selling Person subject to such excise tax;

(C) freight, insurance and other transportation charges to the extent included in the invoice price;

(D) amounts repaid, credited or accrued, or allowances or adjustments made, by reason of returns, rejections, or recalls, or because of chargebacks, retroactive price reductions, or billing errors;

(E) reasonable and customary launch discounts, stocking fees and other discounts extended to wholesalers, distributors, chain drug stores and other third party organizations who distribute the Lixivaptan Product to pharmacies;

(F) reasonable and customary rebates and chargebacks to pharmacy benefit managers, federal, state, or local governments (or their agencies or purchasers), and managed health organizations (including Medicaid rebates); and

(G) any amounts actually written off or specifically identified as uncollectible in accordance with GAAP;

solely to the extent the above deductions are taken in accordance with GAAP applicable to the particular Selling Person.

Such amounts shall be determined from the books and records of the applicable Selling Person, maintained in accordance with U.S. Generally Accepted Accounting Principles or other similar generally accepted accounting principles used by such Selling Person, consistently applied ("GAAP"). Sales of a Lixivaptan Product between or among the Selling Persons and/or Affiliates of Selling Person for resale, or for use in the production or manufacture of Lixivaptan Product, shall not be included within Net Sales; provided, however, that any subsequent sale of a Lixivaptan Product by any Selling Person or its Affiliates to another person or entity that is not a Selling Person shall be included within Net Sales.

Use of Lixivaptan Product for promotional, sampling or compassionate use purposes or for use in clinical trials (but excluding post-approval clinical trials for which compensation is received by the Selling Person) shall not be considered in determining Net Sales.

In the case of any sale of a Lixivaptan Product for value other than in an arm's length transaction exclusively for cash, such as barter or counter-trade, Net Sales shall be calculated based on the fair market value of the consideration received; provided that (i) sales to a third party distributor, wholesaler, group purchasing organization, pharmacy benefit manager or retail chain customer who is a non-Affiliate of a Selling Person and does not need a license or sublicense in order to resell such Lixivaptan Product shall be considered sales to a non-Affiliate of the Selling Person and not to a sublicensee, and (ii) Net Sales by a Selling Person to a consignee non-Affiliate of the Selling Person are not recognized as Net Sales by such Selling Person until the such consignee sells the Lixivaptan Product.

With respect to sales of a Lixivaptan Product invoiced in U.S. dollars, Net Sales shall be expressed in U.S. dollars. With respect to sales not invoiced in U.S. dollars, Net Sales shall be converted to U.S. dollars using the applicable exchange rate as published by The Wall Street Journal, Eastern Edition on the last Business Day of the calendar quarter in which such sales are made.

(xv) "Person" shall mean an individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization, or other entity.

(xvi) "Pricing Approval" means the approval, agreement, determination or governmental decision establishing the price or level of reimbursement for the relevant pharmaceutical or biological product, if required in the relevant country or jurisdiction prior to sale of such product in such country or jurisdiction

(xvii) "Regulatory Approval" shall mean, with respect to a pharmaceutical or biological product and a country or jurisdiction, any approval, registration, license or authorization that is required by the applicable governmental agency or authority to market and sell such pharmaceutical or biological product in such country or jurisdiction, including Pricing Approval.

(xviii) "Regulatory Authority" shall mean any governmental agency or authority responsible for granting Regulatory Approvals for pharmaceutical or biological products, as applicable, in a country or jurisdiction, including the FDA in the United States.

(xix) "Sales Milestone" shall mean any of the First Sales Milestone, Second Sales Milestone, Third Sales Milestone or Fourth Sales Milestone.

(xx) “Sales Milestone Payment” shall mean any of the First Sales Milestone Payment, Second Sales Milestone Payment, Third Sales Milestone Payment or Fourth Sales Milestone Payment.

(xxi) [####]

(xxii) “Selling Person” shall mean the Buyer, each of its Affiliates (including the Surviving Corporation) and each (A) licensee, sublicensee, assignee or other grantee of rights from Buyer or any of its Affiliates or another Selling Person to develop, market or sell a Lixivaptan Product, (B) buyer, transferee or assignee of any Company Intellectual Property or Third Party Intellectual Property (for the sake of clarity to avoid double-counting, other than, in each case, rights granted with respect to any Lixivaptan Patent Right pursuant to clause (A)), from Buyer or its Affiliates (including the Surviving Corporation) or another Selling Person, (C) a Lixivaptan Product Line Buyer, or (D) any Affiliate of the foregoing.

(xxiii) [####]

(xxiv) “US” or “United States” means the United States of America, its territories and possessions.

(xxv) “US Lixivaptan Product Line Sale” shall mean a sale, transfer or assignment to any third party who is not an Affiliate of the Buyer of any material rights relating to any Lixivaptan Product in the United States (including any applicable Lixivaptan Patent Rights or Regulatory Approvals), other than, for the avoidance of doubt, sales of a Lixivaptan Product subject to royalties paid to Buyer or its Affiliates by the relevant Selling Person measured as a percentage of sales.

(xxvi) “US Payments” shall mean any amounts actually received by the Buyer or any of its Affiliates (including the Surviving Corporation), calculated net of Taxes incurred by the Buyer or any of its Affiliates (including the Surviving Corporation) in connection with the receipt of such amounts (which Taxes shall be deemed to be incurred at the Assumed Tax Rate) and without duplication, after the Effective Time from a Selling Person or its Affiliate (other than the Buyer or any of its Affiliates) in consideration: (A) for granting a Selling Person a license, sublicense or similar rights with respect to a Lixivaptan Product (including a license or sublicense of any Lixivaptan Patent Rights) in the United States at any time prior to the end of the applicable Earnout Period, (B) for selling, assigning or transferring to a Selling Person any Company Intellectual Property or Third Party Intellectual Property owned by or licensed to the Company or any of its Subsidiaries as of immediately prior to the Effective Time (for the sake of clarity to avoid double-counting, other than, in each case, rights granted with respect to any Lixivaptan Patent Right pursuant to clause (A)) in the United States at any time prior to the end of the applicable Earnout Period, or (C) for consummating a US Lixivaptan Product Line Sale at

any time prior to the end of the applicable Earnout Period. For the avoidance of doubt, US Payments exclude (i) the portion of any payments made to Buyer or its Affiliates by a Selling Person in respect of the Buyer's obligation to make an Approval Contingent Payment or a Sales Milestone Payment pursuant to this Agreement which portion is required to be paid by Buyer hereunder, and (ii) Net Sales Payments.

(xxvii) "Valid Claim" shall mean (A) a claim of an issued and unexpired patent which has not been permanently revoked or declared unenforceable or invalid by an unreversed and unappealable or unreversed and unappealed decision of a court or other governmental agency or authority of competent jurisdiction and that is not admitted to be invalid or unenforceable through reissue, disclaimer or otherwise (i.e., only to the extent the subject matter is disclaimed or is sought to be deleted or amended through reissue), or (B) a claim of a pending patent application, which claim has not been irretrievably revoked, cancelled, withdrawn or abandoned, or finally disallowed without the possibility of appeal or refiling of such application (or which is not appealed or refiled within the time allowed for appeal); provided, however, that unless and until a pending patent issues, "Valid Claim" will exclude any such pending claim in an application that has not been granted within five (5) years following the filing date for such application.

2.6 Distributions.

(a) Subject to Section 9.6, as and when a Product Payment is required to be made pursuant to Section 2.1(d), the Buyer shall, within the time period provided in Section 2.1(d) or 2.5, as applicable, take the following actions with respect to such Product Payment:

(i) if less than an aggregate of [####] has previously been paid to Wyeth LLC, a Delaware limited liability company formerly known as Wyeth ("Wyeth") pursuant to the License Agreement dated March 15, 2004, between Wyeth and Cardiokine Biopharma, LLC, an Affiliate of the Company, as such agreement has been amended on or prior to the Effective Time (the "Wyeth License"), then the Surviving Corporation shall instead pay to Wyeth pursuant to the Wyeth License an amount equal to the lesser of (A) the amount by which [####] exceeds the aggregate amounts previously paid to Wyeth pursuant to the Wyeth License as contemplated by this Section 2.6(a)(i) or (B) the amount of such Product Payment, and such Product Payment shall be reduced by such amount in clause (A) or (B), as applicable (as reduced, the "Post-Wyeth Product Payment");

(ii) once [####] has been paid to Wyeth as contemplated by Section 2.6(a)(i), the Surviving Corporation shall (A) first, pay to J.P. Morgan Securities, Inc. ("JPM") any amount owed to JPM pursuant to the engagement letter between JPM and the Company as in effect at the Effective Time (the "JPM Engagement Letter") as a result of the payment of Post-Wyeth Product Payment and (B) second, pay to the Bonus Plan Participants such respective portions of such Post-Wyeth Product Payment as the Bonus Plan Participants are entitled to receive (taking into account the aggregate amount any previous payments to the Bonus Plan Participants and any previously paid Net Equityholder Distribution Amounts) pursuant to the terms of the Bonus Plans, copies of which are attached to Section 3.2(f) of the Disclosure Schedule, and such Post-Wyeth Product Payment shall be reduced by such amounts paid in clauses (A) and (B) above (as reduced, the "Post-Bonus Plan Product Payment") and (c) third, pay the Post-Bonus Plan Product Payment, subject to Section 2.7, to the party or account designated by the Indemnification Representative, for further distribution to the Company Participating Equityholders in accordance with Section 2.6(b);

(iii) after the Buyer or the Surviving Corporation has paid to the party or account designated by the Indemnification Representative any amount required to be so paid pursuant to Section 2.6(a)(ii), the Buyer and the Surviving Corporation shall have no liability whatsoever to the Company Participating Equityholders for such payment, nor shall the Buyer or the Surviving Corporation have any further liability whatsoever in respect of the payments to the Company Participating Equityholders contemplated by Section 2.6(b); and

(iv) for the sake of clarity, the parties hereto recognize and acknowledge that any payments to Wyeth, JPM or the Bonus Plan Participants contemplated by this Section 2.6(a) are being paid pursuant to the terms of the Company's pre-existing contractual obligations to such parties that were entered into in the ordinary course of the Company's business and not as consideration to the holders of Company Stock and Company Options being paid under this Agreement.

(b) Subject to Section 2.3(d), any payment made to the party or account designated by the Indemnification Representative pursuant to Sections 2.1(e), 2.1(f), 2.6(a)(ii) or 6.10(c) (any such payment, a "Net Equityholder Distribution Amount") shall be distributed as directed by the Indemnification Representative to the Company Participating Equityholders (other than the Bonus Plan Participants) as follows (provided, however, that any payments to employees or former employees of the Company for which employment tax withholding is required shall be delivered to Buyer or the Surviving Corporation with explicit instructions as to whom the amounts should be paid for payment through Buyer or the Surviving Corporation's payroll processing service or system):

(i) if an amount less than the aggregate Series B Liquidation Amount (as defined in, and calculated pursuant to, the Company's Certificate of Incorporation as in effect immediately prior to the Effective Time) (such aggregate amount, the "Series B Liquidation Preference") has previously been paid to the holders of Company Series B Convertible Preferred Stock, then the Indemnification Representative shall cause to be paid to each holder of Company Series B Convertible Preferred Stock his, her or its Series B Pro Rata Share of the lesser of (x) the amount by which the Series B Liquidation Preference exceeds the aggregate amounts previously paid to the holders of Company Series B Convertible Preferred Stock pursuant to this Section 2.6(b)(i) or (y) the total amount of such Net Equityholder Distribution Amount; and

(ii) if the total amount of such Net Equityholder Distribution Amount exceeds the amount, if any, required to be paid to the holders of Series B Convertible Preferred Stock pursuant to Section 2.6(b)(i)) (any such excess amount, a "Post-Series B Distribution Amount"), then such Post-Series B Distribution Amount shall be paid to the holders of Company Stock and the holders of Company Options, as applicable, as follows:

(A) if less than the aggregate Series A Liquidation Amount (as defined in, and calculated pursuant to, the Company's Certificate of Incorporation as in effect immediately prior to the Effective Time) (such aggregate amount, the "Series A Liquidation Preference") has previously been paid to the holders of Company Series A Convertible Preferred Stock, then the Indemnification Representative shall cause to be paid to each holder of Company Series A Convertible Preferred Stock his, her or its Series A Pro Rata Share of the lesser of (x) the amount by which the Series A Liquidation Preference exceeds the aggregate amounts previously paid to the holders of Company Series A Convertible Preferred Stock pursuant to this Section 2.6(b)(ii)(A) or (y) the total amount of such Post-Series B Distribution Amount; and

(B) if the total amount of such Post-Series B Distribution Amount exceeds the amount, if any, required to be paid to the holders of Company Series A Convertible Preferred Stock pursuant to Section 2.6(b)(ii)(A) (any such excess amount, a "Participation Amount"), then the Indemnification Representative shall cause to be paid to each holder of Company Stock and, subject to the last sentence of this Section 2.6(b)(ii)(B), each holder of a Company Option, his, her or its Participating Pro Rata Share of such Participation Amount. Payments to each holder of a Company Option pursuant to Section 2.6(b)(ii)(B) shall be reduced by the amount of the applicable exercise price of such Company Option until the aggregate exercise price of such Company Option has been satisfied in full, with each Company Option held by such holder considered separately for purposes of this calculation. Any amount deducted from a payment to a holder of a Company Option pursuant to the immediately preceding sentence shall be added to the aggregate Participation Amount distributed pursuant to this Section 2.6(b)(ii)(B) in connection with the same Product Payment with respect to which such deduction is made.

(c) The right of the Company Participating Equityholders to receive any payment pursuant to this Section 2.6: (i) is solely a contractual right and is not a security for purposes of any federal or state securities Laws; (ii) will not be represented by any form of certificate or instrument; and (iii) does not give the Company Participating Equityholders any dividend rights, voting rights, liquidation rights, preemptive rights or other rights common to holders of the equity securities of the Surviving Corporation or its Affiliates.

2.7 Withholding Rights. Each of the Indemnification Representative (or the payment agent or other agent designated by the Indemnification Representative), the Buyer and the Surviving Corporation shall (a) be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any of the participants in the Company's 2011 Employee Carve-Out Plan and Cash Bonus Plan for Amber Salzman (collectively, the "Bonus Plans") in their capacities as such (the "Bonus Plan Participants"), any holder of Company Stock or any holder of Company Options (any such Bonus Plan Participant or holder, a "Company Participating Equityholder") such amounts as it is required to deduct and withhold with respect to the making of such payment under the Internal Revenue Code of 1986, as amended (the "Code"), the regulations promulgated thereunder (the "Treasury Regulations") or any other applicable state, local or foreign Tax law and (b) furnish to each other such information as reasonably necessary to determine the amounts to be deducted and withheld pursuant to this Section 2.7. To the extent that amounts are so withheld by the Indemnification Representative (or its agent), the Buyer or the Surviving Corporation, as the case may be, such withheld amounts shall be (i) remitted by the Indemnification Representative, the Buyer or the Surviving Corporation, as the case may be, to the applicable Governmental Entity, and (ii) treated for all purposes of this Agreement as having been paid to such Company Participating Equityholder in respect of which such deduction and withholding was made by the Indemnification Representative (or its agent), the Buyer or the Surviving Corporation, as the case may be.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Buyer and the Transitory Subsidiary that the statements contained in this Article III are true and correct except as expressly set forth herein or in the disclosure schedule delivered by the Company to the Buyer and the Transitory Subsidiary and dated as of the date of this Agreement (the "Company Disclosure Schedule").

3.1 Organization, Standing and Power. The Company and each of its Subsidiaries is duly organized, validly existing and in good standing under the laws of the state of its incorporation or organization, has all requisite corporate or limited liability company power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted and is duly qualified to do business and is in good standing as a foreign corporation or limited liability company in each jurisdiction in which the character of the properties it owns, operates or leases or the nature of its activities makes such qualification necessary, except for such failures to be so organized, qualified or in good standing, individually or in the aggregate, that would not reasonably be expected to have or result in a Company Material Adverse Effect. For purposes of this Agreement, the term "Company Material Adverse Effect" means any material adverse change, event, circumstance or development with respect to, or material adverse effect on, the business, assets, financial condition or results of operations of the Company and its Subsidiaries, taken as a whole; provided, however, that none of the following shall constitute, or shall be considered in determining whether there has occurred, a Company Material Adverse Effect: (a) any change, event, circumstance, development or effect arising out of or resulting from actions contemplated by the parties in connection with this Agreement or the pendency or announcement of the transactions contemplated by this Agreement, including actions of competitors, customers or suppliers or losses of employees; (b) any action taken at the request of or with the consent of the Buyer; (c) changes in the pharmaceutical or biotechnology industries, other than any such changes that have a disproportionate impact on the Company; (d) changes in general economic or political conditions or the financing or capital markets in general in the United States or any country or region in the world, or changes in currency exchange rates, other than any such changes that have a disproportionate impact on the Company; (e) any earthquakes, hurricanes, tsunamis, tornadoes, floods, mudslides, wild fires or other natural disasters, weather conditions and other force majeure events in the United States or any other country or region in the world, sabotage, terrorism, military action or war (whether or not declared); or (f) the continued incurrence of losses by the Company or any of its Subsidiaries at a rate and in an amount consistent past losses.

3.2 Capitalization.

(a) The authorized capital stock of the Company consists of 172,839,076 shares of Company Common Stock and 157,000,000 shares of Company Preferred Stock, of which 37,000,000 shares are designated as Company Series A Convertible Preferred Stock, 60,000,000 shares are designated as Company Series B Convertible Preferred Stock and 60,000,000 shares are designated as Company Series B1 Preferred Stock. As of the date of this Agreement, there are issued and outstanding 7,599,533 shares of Company Common Stock, 37,000,000 shares of Company Series A Convertible Preferred Stock, 50,000,000 shares of Company Series B Convertible Preferred Stock and no shares of Company Series B1 Preferred Stock. The rights and privileges of each class of the Company's capital stock are as set forth in the Company's Certificate of Incorporation, a complete and accurate copy of which has been provided to the Buyer, together with all amendments thereto.

(b) Section 3.2(b) of the Company Disclosure Schedule sets forth a complete and accurate list, as of the date hereof, of all outstanding Company Options, indicating with respect to each such Company Option the name of the holder thereof, the number of shares of Company Common Stock subject to such Company Option, the date of grant and the exercise price thereof. The Company has made available to the Buyer a complete and accurate copy of the Company Stock Plan.

(c) Except (i) as set forth in this Section 3.2, (ii) as reserved for future grants under the Company Stock Plan, (iii) for the conversion provisions set forth in the Company's Certificate of Incorporation and (iv) the Amended and Restated Investors' Rights Agreement, dated as of April 26, 2006, among the Company and the other parties named therein (the "IRA"), (A) there are no equity securities of any class of the Company, or any security exchangeable into or exercisable for such equity securities, issued, reserved for issuance or outstanding and (B) there are no options, warrants, equity securities, calls, rights, commitments or agreements of any character to which the Company is a party or by which the Company is bound obligating the Company to issue, exchange, transfer, deliver or sell, or cause to be issued, exchanged, transferred, delivered or sold, additional shares of capital stock or other equity interests of the Company or any security or rights convertible into or exchangeable or exercisable for any such shares or other equity interests, or obligating the Company to grant, extend, otherwise modify or amend or enter into any such option, warrant, equity security, call, right, commitment or agreement. Except as set forth in this Section 3.2, as of the date of this Agreement, the Company does not have any outstanding stock appreciation rights, phantom stock, performance-based equity rights or similar equity rights or obligations. Except for (1) the Company's Certificate of Incorporation, (2) the IRA, (3) the Amended and Restated Co-Sale and First Refusal Agreement, dated as of April 26, 2006, among the Company and the other parties named therein and (4) the Amended and Restated Voting Agreement, dated as of April 26, 2006, among the Company and the other parties named therein, neither the Company nor, to the Company's Knowledge, any of its Affiliates, is a party to or is bound by any agreements with respect to the voting (including voting trusts and proxies) or sale or transfer of any shares of capital stock or other equity interests of the Company. For purposes of this Agreement, the term "Affiliate" when used with respect to any party shall mean any person who is an "affiliate" of that party within the meaning of Rule 405 promulgated under the Securities Act of 1933, as amended (the "Securities Act").

(d) All outstanding shares of Company Stock are, and all shares of Company Stock subject to issuance as specified in Sections 3.2(b) above, upon issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, will be, duly authorized, validly issued, fully paid and nonassessable and not subject to or issued in violation of any purchase option, call option, right of first refusal, preemptive right or subscription right under any provision of the DGCL, the Company's Certificate of Incorporation or By-laws or any agreement to which the Company is a party or is otherwise bound.

(e) There are no obligations, contingent or otherwise, of the Company to repurchase, redeem or otherwise acquire any shares of Company Stock or the capital stock of the Company.

(f) Section 3.2(f) of the Disclosure Schedule sets forth (i) copies of each Bonus Plan, (ii) each holder of Company Common Stock's "Common Pro Rata Share", (iii) each holder of Company Series A Convertible Preferred Stock's "Series A Pro Rata Share", (iv) each holder of Company Series B Convertible Preferred Stock's "Series B Pro Rata Share", (v) each holder of Company Stock's "Participating Pro Rata Share" and (vi) each holder of a Company Option's "Participating Pro Rata Share".

3.3 Subsidiaries.

(a) Other than Cardiokine Biopharma, LLC, a Delaware limited liability company of which the Company is the sole member, and Cardiokine Ireland, Limited, an Irish corporation that is a wholly owned subsidiary of the Company, the Company does not have any Subsidiaries or any capital stock, equity or other ownership interest in any other person. The Company has not agreed to, and is not obligated to, directly or indirectly, make any future investment in or capital contribution or advance to any person. For purposes of this Agreement, the term "Subsidiary" means, with respect to any party, any corporation, partnership, trust, limited liability company or other non-corporate business enterprise in which such party (or another Subsidiary of such party) holds stock or other ownership interests representing (a) more than 50% of the voting power of all outstanding stock or ownership interests of such entity or (b) the right to receive more than 50% of the net assets of such entity available for distribution to the holders of outstanding stock or ownership interests upon a liquidation or dissolution of such entity.

(b) All of the issued and outstanding shares of capital stock of each of the Company's Subsidiaries that is a corporation are duly authorized, validly issued, fully paid, nonassessable and free of preemptive rights. All shares of each of the Company's Subsidiaries that are held of record or owned beneficially by the Company are held or owned free and clear of any restrictions on transfer (other than restrictions under the Securities Act and state securities laws), claims, security interests, options, warrants, rights, contracts, calls, commitments, equities and demands. There are no outstanding or authorized options, warrants, rights, agreements or commitments to which the Company or any of its Subsidiaries is a party or which are binding on any of them providing for the issuance, disposition or acquisition of any capital stock of any of the Company's Subsidiaries. There are no outstanding stock appreciation, phantom stock or similar rights with respect to any of the Company's Subsidiaries. There are no voting trusts, proxies or other agreements or understandings with respect to the voting of any capital stock of any of the Company's Subsidiaries.

3.4 Authority; No Conflict; Required Filings and Consents.

(a) The Company has all requisite corporate power and authority to enter into this Agreement and, subject to the adoption of this Agreement by the Company's stockholders under the DGCL and the Company's Certificate of Incorporation (the "Company Stockholder Approval"), to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement by the Company have been duly authorized by all necessary corporate action on the part of the Company, subject only to the required receipt of the Company Stockholder Approval. This Agreement has been duly executed and delivered by the Company and constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles (the "Bankruptcy and Equity Exception").

(b) The execution and delivery of this Agreement by the Company do not, and the consummation by the Company of the transactions contemplated by this Agreement will not, (i) conflict with, or result in any violation or breach of, any provision of the Certificate of Incorporation or By-laws of the Company, (ii) conflict with, or result in any violation or breach of, or constitute (with or without notice or lapse of time, or both) a default (or give rise to a right of termination, cancellation or acceleration of any obligation or loss of any material benefit) under, require a consent or waiver under, require the payment of a penalty under or result in the imposition of any mortgage, security interest, pledge, lien, charge or encumbrance ("Liens") on the assets of the Company or any of its Subsidiaries under any of the terms, conditions or provisions of any Company Material Contract, or (iii) subject to obtaining the Company Stockholder Approval and compliance with the requirements specified in clauses (i) through (iii) of Section 3.4(c), conflict with or violate any permit, concession, franchise, license, judgment, injunction, order, decree, statute, law, ordinance, rule or regulation applicable to the Company or any of its Subsidiaries or to the properties or assets of the Company or any of its Subsidiaries, except in the case of clauses (ii) of this Section 3.4(b) for any such conflicts, violations, breaches, defaults, terminations, cancellations, accelerations, losses, penalties or Liens, and for any consents or waivers not obtained, that, individually or in the aggregate, would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole.

(c) No consent, approval, license, permit, order or authorization of, or registration, declaration, notice or filing with, any court, arbitrational tribunal, administrative agency or commission or other governmental or regulatory authority, agency or instrumentality (a "Governmental Entity") is required by or with respect to the Company in connection with the execution and delivery of this Agreement by the Company or the consummation by the Company of the transactions contemplated by this Agreement, except for (i) the filing of the Certificate of Merger with the Delaware Secretary of State and appropriate corresponding documents with the appropriate authorities of other states in which the Company is qualified as a foreign corporation to transact business and (ii) such other consents, approvals, licenses, permits, orders, authorizations, registrations, declarations, notices and filings which, if not obtained or made, would not reasonably be expected to have a Company Material Adverse Effect.

3.5 Financial Statements.

(a) The Company has made available to the Buyer (i) its audited consolidated balance sheet as of December 31, 2010 (the "Company Balance Sheet") and the related audited consolidated statement of operations and cash flows for the year then ended and (ii) its unaudited consolidated balance sheet as of November 30, 2011 and the related unaudited consolidated statement of operations and cash flows of the Company and its Subsidiaries for the eleven months then ended (all of the foregoing financial statements and any notes thereto are hereinafter collectively referred to as the "Company Financial Statements"). The Company Financial Statements are accurate and complete in all material respects, are derived from and are in accordance with the books and records of the Company and its Subsidiaries and have been prepared in accordance with GAAP consistently applied, and fairly present, in all material respects, the financial condition of the Company and its Subsidiaries at the dates therein indicated and the results of operations and cash flows of the Company and its Subsidiaries for the periods therein specified in accordance with GAAP consistently applied, except that they do not contain footnotes and are subject to normal year end adjustments.

(b) As of the Effective Time, the Liabilities of the Company will not exceed $2,000,000 in the aggregate and the Company will have no Indebtedness. For the purposes of this Agreement, "Liabilities" shall mean any liabilities or obligations requiring the payment or expenditure of money, including those arising under Law, those relating to Taxes and those arising under any Company Material Contract, other than Liabilities (i) pursuant to the Wyeth License, (ii) pursuant to the JPM Engagement Letter or (iii) arising by virtue of services or rights elected to be used by the Company after the Closing that are not contractually required to be used. For purposes of this Agreement, "Indebtedness" shall mean (i) all outstanding indebtedness for borrowed money, whether current or funded, or secured or unsecured, (ii) all outstanding obligations evidenced by bonds, monies, debentures, loan agreements, notes, letters of credit, bankers' acceptances, mortgage notes, guarantees, or similar instruments, including, without limitation, the Contribution Note, (iii) all outstanding indebtedness representing the balance deferred and unpaid of the purchase price of any property (including all outstanding capital lease, direct financing lease and/or vendor financing obligations) but excluding trade payables, if and to the extent any of the foregoing would appear as a liability upon a balance sheet prepared in accordance with GAAP; (iv) all amounts representing accrued Taxes to the extent such amounts would appear as a liability upon a balance sheet prepared in accordance with GAAP; (v) under any interest rate, currency or other hedging agreements, to the extent payable if terminated at the Closing; (vi) in the nature of guaranties or keep-well obligations, direct or indirect, in any manner, of all or any part of any indebtedness of a kind referred to above of any other Person; and (vii) all accrued and unpaid interest or any breakage costs, premiums, fees, expenses, penalties or other amounts due with respect to the indebtedness above.

3.6 Absence of Certain Changes. Except as expressly contemplated by this Agreement, since the date of the Company Balance Sheet, (i) the Company and its Subsidiaries have conducted their business in the ordinary course in all material respects and in a manner consistent in all material respects with prior practice and (ii) there has not been any change, event, circumstance, development that has had or would reasonably be expected to have a Company Material Adverse Effect. Since the date of the Company Balance Sheet there has not been any other action or event that would have required the consent of the Buyer pursuant to Section 5.1 of this Agreement had such action or event occurred after the date of this Agreement.

3.7 No Undisclosed Liabilities. Except (a) as disclosed in Section 3.7 of the Company Disclosure Schedule, (b) as reflected in the Company Balance Sheet and (c) for debts, liabilities, obligations, claims, losses, damages, expenses, deficiencies and indebtedness incurred in the ordinary course of business after the date of the Company Balance Sheet or obligations which do not require the expenditure of money arising under contracts or agreements (other than arising by virtue of services or rights elected to be used by the Company after the Closing that are not contractually required to be used), the Company and its Subsidiaries do not have any direct or indirect debts, liabilities, obligations, claims, losses, damages, expenses, deficiencies or indebtedness of any kind, whether accrued or fixed, absolute or contingent, matured or unmatured, determined or determinable, known or unknown, including those arising under Law and those relating to Taxes.

3.8 Taxes.

(a) Each of the Company and its Subsidiaries has filed all material Tax Returns that it was required to file, and all such Tax Returns were correct and complete in all material respects. The Company or the applicable Subsidiary has paid on a timely basis all Taxes due and payable by it whether or not such Taxes are shown to be due on a Tax Return. For purposes of this Agreement, (i) "Taxes" means all taxes, charges, fees, levies or other similar assessments or liabilities in the nature of a tax, including income, gross receipts, ad valorem, premium, value-added, excise, real property, personal property, sales, use, services, transfer, withholding, employment, payroll and franchise taxes imposed by any Governmental Entity, and any interest, fines, penalties, assessments or additions to tax resulting from, attributable to or incurred in connection with any tax or any contest or dispute thereof and (ii) "Tax Returns" means all reports, returns, declarations, statements or other information required to be supplied to a Governmental Entity in connection with Taxes. All material Taxes that each of the Company and its Subsidiaries was required by law to withhold or collect have been duly withheld or collected and, to the extent required, have been properly paid to the appropriate Governmental Entity and all forms required to be prepared in connection therewith have been properly completed and timely provided to or filed with the appropriate Person.

(b) The Company has made available to the Buyer correct and complete copies of all U.S. federal income Tax Returns, examination reports and statements of deficiencies assessed against or agreed to by any of the Company and its Subsidiaries since January 1, 2007. No examination or audit of any Tax Return of the Company or any of its Subsidiaries by any Governmental Entity is currently in progress or, to the Company's Knowledge, threatened or contemplated. None of the Company nor any of its Subsidiaries has been informed in writing by any jurisdiction that the jurisdiction believes that the Company or such Subsidiary was required to file any Tax Return that was not filed. No Governmental Entity has asserted by written notice to the Company or any of its Subsidiaries any deficiency or claim for any amount of additional Taxes that have not been paid.

(c) None of the Company nor any of its Subsidiaries (i) has ever been a member of a group of corporations with which it has filed (or been required to file) consolidated, combined or unitary Tax Returns or (ii) is a party to or bound by any Tax indemnity, Tax sharing or Tax allocation agreement.

(d) None of the Company nor any of its Subsidiaries: (i) has made any payments, is obligated to make any payments, or is a party to any agreement that could obligate it to make any payments that will be treated as an "excess parachute payment" under Section 280G of the Code; or (ii) has any actual or potential liability for any Taxes of any Person (other than the Company or such Subsidiary as applicable) under Treasury Regulation Section 1.1502-6 (or any similar provision of law in any jurisdiction), or as a transferee or successor, by contract or otherwise.

(e) There are no Liens with respect to Taxes upon any of the assets or properties of the Company or any of its Subsidiaries, other than with respect to Taxes not yet due and payable or Taxes being contested in good faith by appropriate proceedings to the extent that reserves for such contested Taxes have been established on the books of the Company or such Subsidiary.

(f) There are no adjustments under Section 481 of the Code (or any similar adjustments under any provision of the Code or the corresponding foreign, state or local Tax laws) that are required to be taken into account by the Company or any of its Subsidiaries in any period ending after the Closing Date by reason of a change in method of accounting in any taxable period ending on or before the Closing Date or as a result of the consummation of the transactions contemplated by this Agreement.

(g) None of the Company nor any of its Subsidiaries has distributed to its shareholders or security holders stock or securities of a controlled corporation, nor has stock or securities of the Company or any of its Subsidiaries been distributed, in a transaction to which Section 355 or Section 361 of the Code applies or in a distribution that could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) that includes the transactions contemplated by this Agreement.

(h) None of the Company nor any of its Subsidiaries has engaged in a "reportable transaction" as set forth in Treasury Regulation Section 1.6011-4(b), or any transaction that is the same as or substantially similar to one of the types of transactions that the IRS has determined to be a tax avoidance transaction and identified by notice, regulation or other form of published guidance as a "listed transaction" as set forth in Treasury Regulation Section 1.6011-4(b)(2).

(i) None of the Company nor any of its Subsidiaries has executed or entered into a closing agreement pursuant to Section 7121 of the Code or any predecessor provision thereof or any similar provision of state, local or foreign law that would have continuing effect after the Closing.

(j) None of the Company nor any of its Subsidiaries has (i) any application pending with any Governmental Entity requesting permission for any changes in accounting methods, or (ii) been the subject of a Tax ruling that would have continuing effect after the Closing Date.

(k) No transaction contemplated by this Agreement would terminate or otherwise alter the application of any material Tax holiday or other favorable Tax arrangement or require the recapture or payment of material Taxes covered by any such Tax holiday or other favorable Tax arrangement.

(l) None of the Company nor any of its Subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) installment or open transaction made by the Company or any of its Subsidiaries on or prior to the Closing Date or (ii) prepaid amount received on or prior to the Closing Date.

(m)No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of the Company or any of its Subsidiaries that are still in effect.

3.9 Owned and Leased Real Properties.

(a) None of the Company nor any of its Subsidiaries own, or have owned, any real property.

(b) Section 3.9(b) of the Company Disclosure Schedule sets forth a complete and accurate list of all real property leased or subleased by the Company or any of its Subsidiaries (collectively "Company Leases") and the location of the premises. None of the Company nor any of its Subsidiaries is, nor, to the Company's Knowledge, is any other party to any Company Lease, in material default under any of the Company Leases, nor, to the Company's Knowledge, has any event occurred which, with notice or the passage of time, or both, would give rise to such a material default. None of the Company nor any of its Subsidiaries lease or sublease any real property to any person. The Company has made available to the Buyer complete and accurate copies of all Company Leases together with all amendments, modifications and supplemental agreements thereto. The Company has not assigned, transferred, conveyed, mortgaged, deeded in trust or encumbered any interest in any Company Lease.

3.10 Intellectual Property.

(a) To the Company's Knowledge, the Intellectual Property owned by the Company, together with the Intellectual Property owned by any Subsidiary of the Company (the "Company Intellectual Property"), and the Intellectual Property licensed or sublicensed to the Company or which the Company otherwise possesses legally enforceable rights to use, together with the Intellectual Property licensed or sublicensed to any Subsidiary of the Company or which any Subsidiary of the Company otherwise possesses legally enforceable rights to use (the "Third Party Intellectual Property"), constitutes all Intellectual Property material to or otherwise used in the conduct of the business of the Company and its Subsidiaries, taken as a whole, as currently conducted (in each case excluding generally commercially available, off-the-shelf software programs). For purposes of this Agreement, the term "Intellectual Property" means (i) patents, trademarks, service marks, trade names, domain names, copyrights, designs and trade secrets, (ii) applications for and registrations of such patents, trademarks, service marks, trade names, domain names, copyrights and designs, (iii) proprietary or confidential processes, formulae,

methods, schematics, technology, know-how and computer software programs and applications, (iv) other proprietary or confidential information, and (v) any and all intellectual property rights and similar proprietary rights in any jurisdiction, including all rights to sue for past, present and future infringement or misappropriation of any of the items in clauses (i), (ii), (iii) and (iv). The Company is the exclusive owner of the Company Intellectual Property and, to the Company's Knowledge, possesses valid and enforceable rights to use the Third Party Intellectual Property, in each case, free and clear of all Liens other than the licenses and rights described or set forth in the Intellectual Property Agreements. Each issued patent, registered copyright, and registered and material unregistered trademark, service mark, trade name and domain name in the Company Intellectual Property, each issued patent, registered copyright, and registered and material unregistered trademark, service mark, trade name and domain name in the Third Party Intellectual Product which is prosecuted by, and exclusively licensed to, the Company or any of its Subsidiaries, and, to the Company's Knowledge, each other issued patent, registered copyright, and registered and material unregistered trademark, service mark, trade name and domain name in the Third Party Intellectual Product exclusively licensed to the Company or any Subsidiary is subsisting and, to the Company's Knowledge after review of the files of the Company and its Subsidiaries and the inquiry of the Company's US outside counsel with a reasonable basis for knowledge, valid and enforceable. None of the Company Intellectual Property or, to the Company's Knowledge, Third Party Intellectual Property, is subject to any outstanding consent agreement, settlement, ruling, order, writ, judgment, injunction or decree restricting the use of the Company Intellectual Property or Third Party Intellectual Property or that would impair the validity or enforceability of the issued patents, registered copyrights, and registered and material unregistered trademarks, service marks, trade names and domain names in the Company Intellectual Property or Third Party Intellectual Property.

(b) The execution and delivery of this Agreement by the Company and the consummation by the Company of the Merger will not result in the breach of, or create on behalf of any third party the right to terminate or modify, (i) any license, sublicense or other agreement relating to any Company Intellectual Property (the "Company Intellectual Property Agreements"), or (ii) any license, sublicense or other agreement as to which the Company or any of its Subsidiaries is a party and pursuant to which the Company or any of its Subsidiaries is authorized to use any Third Party Intellectual Property (the "Third Party Intellectual Property Agreements", and together with the Company Intellectual Property Agreements, the "Intellectual Property Agreements"), excluding generally commercially available, off-the-shelf software programs. Section 3.10(b)(i) of the Company Disclosure Schedule sets forth a complete and accurate list of all (A) patents and patent applications, (B) registered and material unregistered trademarks, service marks, trade names, domain names, and applications thereto, (C) registered copyrights and copyright applications, and (D) material software that, in each case, are owned by the Company or any of its Subsidiaries, and Section 3.10(b)(ii) of the Company Disclosure Schedule sets forth a complete and accurate list of all (W) patents and patent applications (or a general description with respect to patents or patent applications which are not prosecuted or maintained by Company or any of its Subsidiaries), (X) registered and material unregistered trademarks, service marks, trade names, domain names, and applications thereto, (Y) registered copyrights and copyright applications, and (Z) material software that, in each case, are exclusively licensed to the Company or any of its Subsidiaries. Schedule 3.10(b)(iii) of the Company Disclosure Schedule sets forth a complete and accurate list of all Intellectual Property Agreements relating to patents, patent applications, registered copyrights, material trade secrets and know-how, registered and material unregistered trademarks, service marks, trade names, domain names, and applications therefor, excluding (1) licenses of generally commercially available, off-the-shelf software programs with annual license, maintenance, support and other fees of less than $5,000 individually and (2) employment agreements and confidential disclosure agreements.

(c) To the Company's Knowledge, no third party is infringing or violating or misappropriating in any material respect any of the Company Intellectual Property or any Third Party Intellectual Property exclusively licensed to the Company or any of its Subsidiaries. The Company and its Subsidiaries have taken reasonable measures to maintain in confidence all trade secrets and confidential information comprising a part of the Company Intellectual Property or any Third Party Intellectual Property exclusively licensed to the Company or any of its Subsidiaries, including requiring all current and former employees of, and individuals who are consultants and contractors of, the Company or any of its Subsidiaries, and any other persons with access to such trade secrets or confidential information, to execute a confidentiality or similar agreement and, to the Company's Knowledge, there has not been any breach by any such party to any such agreement.

(d) Without giving effect to 35 U.S.C. § 271(e)(1) and any other laws of similar effect in any jurisdiction, to the Company's Knowledge after review of the files of the Company and its Subsidiaries and the inquiry of the Company's US outside counsel with a reasonable basis for knowledge, the conduct of the business of the Company and its Subsidiaries, taken as a whole, as currently conducted does not infringe or violate or constitute a misappropriation of any Intellectual Property of any third party. For the past six (6) years, neither the Company nor any of its Subsidiaries has received any written claim or notice alleging any such infringement, violation or misappropriation. Neither the Company nor any of its Subsidiaries has been notified in writing, or, to the Company's Knowledge, in any other form, (i) that any action, suit, proceeding, claim, arbitration, investigation or other legal proceeding has been asserted, is pending, or is threatened against the Company or any of its Subsidiaries alleging that the conduct of the business of the Company and its Subsidiaries as currently conducted infringes, misappropriates or otherwise violates the Intellectual Property of any third party, (ii) that any issued patent, registered copyright, and registered and material unregistered trademark, service mark, trade name, domain name, or other type of Intellectual Property which is by its nature enforceable, in the Company Intellectual Property or Third Party Intellectual Property is invalid or unenforceable, or (iii) that challenges the ownership by the Company or any of its Subsidiaries of any Company Intellectual Property or the right to use by Company or any of its Subsidiaries of any Company Intellectual Property and Third Party Intellectual Property.

(e) No current or former employee, consultant or contractor of the Company or any of its Subsidiaries owns any rights in or to any of the Company Intellectual Property and all current and former employees and individual consultants and contractors of the Company or any of its Subsidiaries have executed an agreement assigning to the Company or one of its Subsidiaries all such individual's rights in or to any Company Intellectual Property.

(f) To the Company's Knowledge, there has been no misappropriation of material trade secrets or other material confidential or proprietary information of the Company or any of its Subsidiaries by any person, and to the Company's Knowledge, no current or former employee, consultant or contractor of the Company or any of its Subsidiaries has misappropriated any trade secrets or other confidential or proprietary information of any other person in the course of such performance as an employee, consultant or contractor of the Company or its Subsidiary.

(g) (A) Neither the Company nor any of its Subsidiaries has granted any license or other right to any third party with respect to the Company Intellectual Property and Third Party Intellectual Property other than the Intellectual Property Agreements; (B) the Company has made available to Buyer a complete and accurate copy of each Intellectual Property Agreement listed in Section 3.10(b)(iii) of the Company Disclosure Schedule; and (C) each Intellectual Property Agreement is in full force and effect with respect to the Company or the applicable Subsidiary and, to the Company's Knowledge, with respect to each other party thereto, and is a valid and binding obligation of the Company or the applicable Subsidiary and, to the Company's Knowledge, of each other party thereto, enforceable against it in accordance with its terms (subject to the Bankruptcy and Equity Exception and except to the extent it has previously expired in accordance with its terms) and neither the Company or the applicable Subsidiary is, nor to the Company's Knowledge any other party thereto is, in material violation of or material default under any Intellectual Property Agreement.

(h) No university or Governmental Entity has sponsored any research or development conducted by the Company or any of its Subsidiaries or, to the Company's Knowledge, has any claim of right to or ownership of or other Lien on any Company Intellectual Property or any Third Party Intellectual Property exclusively licensed to the Company or any of its Subsidiaries.

3.11 Contracts.

(a) Section 3.11(a) of the Company Disclosure Schedule sets forth a complete and accurate list as of the date of this Agreement of the following contracts and agreements to which the Company or any of its Subsidiaries is a party and under which the Company or any of its Subsidiaries has any remaining rights or obligations (collectively, the "Company Material Contracts"):

(i) any Intellectual Property Agreement, excluding generally commercially available, off-the-shelf software programs with annual license, maintenance, support and other fees of less than $5,000 individually;

(ii) any agreement (or group of related agreements) for the lease of personal property from or to third parties providing for remaining unpaid lease payments as of the date hereof in excess of $50,000;

(iii) any agreement (or group of related agreements) for the purchase of raw materials, inventory, or finished goods or for the receipt of services under which the Company or any of its Subsidiaries expects to receive or pay more than the sum of $50,000;

(iv) any agreement for capital expenditures or the acquisition or construction of fixed assets;

(v) any agreement concerning the establishment or operation of a partnership, joint venture, limited liability company or other business organization;

(vi) any agreement to which a Governmental Entity is a party;

(vii) any agreement containing covenants of the Company or any of its Subsidiaries not to (or otherwise restricting or limiting the ability of the Company or any of its Subsidiaries to) compete in any line of business or geographic or therapeutic area, including any covenant not to compete with respect to the manufacture, marketing, distribution or sale of any product or product line;

(viii) any agreement (or group of related agreements) under which the Company or any of its Subsidiaries has created, incurred, assumed or guaranteed (or may create, incur, assume or guarantee) Indebtedness (including capitalized lease obligations);

(ix) any agreement under which the Company or any of its Subsidiaries has made advances or loans to any other person;

(x) any agreement for the disposition of any significant portion of the assets of the Company or its Subsidiaries;

(xi) any agreement for the acquisition of any business or any corporation, partnership, joint venture, limited liability company, association or other business organization or division thereof, except purchases of inventory, supplies and raw materials in the ordinary course of business;

(xii) any powers of attorney;

(xiii) any employment, severance, separation or consulting agreement with any executive officer or key employee of the Company or any of its Subsidiaries other than those that are terminable by the Company or the applicable Subsidiary on no more than 60 days' notice without material liability or financial obligation to the Company or any of its Subsidiaries;

(xiv) any agreement between the Company or any of its Subsidiaries, on one hand, and any of the Company's stockholders, directors, officers or employees, on the other; and

(xv) any other agreement (or group of related agreements) involving unpaid amounts of more than $50,000 or not entered into in the ordinary course of business.

(b) The Company has made available to the Buyer a complete and accurate copy of each Company Material Contract, together with any amendments, exhibits and schedules thereto. Each Company Material Contract is in full force and effect with respect to the Company or the applicable Subsidiary and, to the Company's Knowledge, with respect to each other party thereto, and is a valid and binding obligation of each party thereto, subject to the Bankruptcy and Equity Exception and except to the extent it has previously expired in accordance with its terms. None of the Company nor any of its Subsidiaries nor, to the Company's Knowledge, any other party to any Company Material Contract is in material violation of or in material default under

any Company Material Contract, nor does there exist any condition which, upon the passage of time or the giving of notice or both, would reasonably be expected to (i) cause such a material violation of or material default or (ii) give any third party (A) the right to declare a default or exercise any remedy under any Company Material Contract, (B) the right to accelerate the maturity or performance of any obligation of the Company or a Subsidiary under any Company Material Contract, (C) the right to cancel, terminate or materially modify any Company Material Contract or (D) a right to a penalty under any Company Material Contract.

3.12 Litigation. There is, and in the past 5 years there has been, no action, suit, proceeding, claim, arbitration, investigation or other judicial, administrative or arbitral proceeding (any of the foregoing, an "Action") pending, or to the Company's Knowledge, threatened, against the Company or any of its Subsidiaries or their assets. There are no, and in the past 5 years there has not been, material judgments, orders, writs, injunctions or decrees outstanding against the Company or any of its Subsidiaries.

3.13 Environmental Matters.

(a) The Company and each of its Subsidiaries is in material compliance with, and is not in material violation of, and since January 1, 2007, has been in material compliance with all applicable Environmental Laws. The Company and each of its Subsidiaries possesses and is in material compliance with all permits, approvals, registrations, licenses and authorizations required under applicable Environmental Law ("Environmental Permits") for its operations as currently conducted, all applications for renewal of such Environmental Permits have been timely made, and no loss or expiration of any such Environmental Permits is pending or, to the Company's Knowledge, threatened.

(b) To the Company's Knowledge, the properties operated by the Company and each of its Subsidiaries (including soils, groundwater, surface water, buildings or other structures) are not contaminated with any Hazardous Substances in an amount or concentration that would give rise to an obligation to act or disclose that condition under any Environmental Law.

(c) None of the Company nor any of its Subsidiaries has received a written notice that it is or may be subject to any material liability for any Hazardous Substance disposal or contamination on the property of any third party.

(d) None of the Company nor any of its Subsidiaries has released any Hazardous Substance into the indoor or outdoor environment except (i) in compliance with law or (ii) in an amount or concentration that would not reasonably be expected to give rise to any material liability or obligation under any Environmental Law.

(e) None of the Company nor any of its Subsidiaries is subject to any orders, decrees or injunctions by any Governmental Entity addressing liability under any Environmental Law.

(f) The Company has made available to the Buyer correct and complete copies and results of any audits, reports, studies, analyses, tests or monitoring in the control or custody of the Company or any of its Subsidiaries pertaining to compliance by the Company and its Subsidiaries with Environmental Law and to any actual or potential releases of Hazardous Substances at, under, about or migrating to or from, the real property currently or formerly owned, leased or operated by the Company and its Subsidiaries.

(g) For purposes of this Agreement, the term "Environmental Law" means any foreign, international, multinational, federal, state, county, provincial or local law (including common law), statute, directive, rule or regulation relating to the environment, the protection of human health from exposure to Hazardous Substances, or occupational health and safety, including any statute, regulation, administrative decision or order pertaining to (i) treatment, storage, disposal, recycling, generation or transportation of industrial, toxic, infectious, biological, radioactive or hazardous materials or substances or solid, medical, mixed or hazardous waste; (ii) air, water or noise pollution; (iii) groundwater or soil contamination; (iv) the release or threatened release into the environment of industrial, toxic, infectious, biological, radioactive or hazardous materials or substances, or solid, medical, mixed or hazardous waste, including emissions, discharges, injections, spills, escapes or dumping of pollutants, contaminants or chemicals; (v) the protection of wild life, marine life and wetlands, including all endangered and threatened species; (vi) storage tanks, vessels, containers, abandoned or discarded barrels and other closed receptacles; (vii) health and safety of employees and other persons; or (viii) manufacturing, processing, using, distributing, treating, storing, disposing, transporting or handling of materials regulated under any law as pollutants, contaminants, toxic, infectious, biological, radioactive or hazardous materials or substances or oil or petroleum products or solid, medical, mixed or hazardous waste.

(h) For purposes of this Agreement, the term "Hazardous Substance" means: (i) any substance that is regulated or which falls within the definition of a "hazardous substance," "hazardous waste," "contaminant," "pollutant," "hazardous material" or words of similar import pursuant to any Environmental Law; or (ii) any petroleum product, constituent or by-product, asbestos-containing material, polychlorinated biphenyls, radioactive materials or radon.

(i) The parties agree that the only representations and warranties of the Company in this Agreement as to any environmental matters or any other obligation or liability with respect to Hazardous Substances or materials of environmental concern are those contained in Sections 3.5, 3.7 and 3.13. Without limiting the generality of the foregoing, the Buyer specifically acknowledges that the representations and warranties contained in Sections 3.16 and 3.17 do not relate to environmental matters.

3.14 Employee Benefit Plans.

(a) Section 3.14(a) of the Company Disclosure Schedule sets forth a complete and accurate list, as of the date of this Agreement, of all Employee Benefit Plans maintained, or contributed to, by the Company, its Subsidiaries or any of the ERISA Affiliates of the Company or any of its Subsidiaries for the benefit of any current or former employee, officer, director or independent contractor of the Company or its Subsidiaries or under which the Company, its Subsidiaries or any ERISA Affiliate has any liability with respect to any current or former employee, officer, director or independent contractor (together, the "Company Employee Plans"). For purposes of this Agreement, the following terms shall have the following meanings: (i) "Employee Benefit Plan" means any "employee pension benefit plan" (as defined in Section

3(2) of ERISA), any "employee welfare benefit plan" (as defined in Section 3(1) of ERISA), and all other pension, retirement, supplemental retirement, deferred compensation, excess benefit, profit sharing, bonus, phantom stock, incentive, stock purchase, stock ownership, stock option, stock appreciation right, profits interest, employment, severance, salary continuation, termination, change-of-control, health, life, disability, group insurance, vacation, holiday and material fringe benefit plan, agreement or arrangement, whether written or oral; (ii) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended; and (iii) "ERISA Affiliate" means any entity that is a member of (A) a controlled group of corporations (as defined in Section 414(b) of the Code) or (B) a group of trades or businesses under common control (as defined in Section 414(c) of the Code), any of which includes the Company or its Subsidiaries.

(b) With respect to each Company Employee Plan, the Company has made available to the Buyer a complete and accurate copy of (i) such Company Employee Plan, including all amendments thereto, (ii) the three most recently filed annual reports (Form 5500 and all schedules thereto); (iii) the most recent Internal Revenue Service (the "IRS") determination or opinion letter and each currently pending application to the IRS for a determination letter, (iv) the three most recent summary annual reports, actuarial reports, financial statements and trustee reports and (v) all records, notices and filings concerning IRS or Department of Labor audits or investigations, "prohibited transactions" within the meaning of Section 406 of ERISA or Section 4975 of the Code and "reportable events" within the meaning of section 4043 of ERISA, and (vi) all current trust agreements, group annuity contracts and summary plan descriptions (and each summary of material modifications thereto), if any, relating to such Company Employee Plans.

(c) Each Company Employee Plan is being administered in all material respects in accordance with (i) ERISA, (ii) the Code, (iii) all other applicable laws and the regulations thereunder and (iv) its terms.

(d) With respect to the Company Employee Plans, there are no benefit obligations for which material contributions have not been made or properly accrued to the extent required by GAAP.

(e) Each Company Employee Plan that is intended to be qualified under Section 401(a) of the Code has received a determination or opinion letter from the IRS to the effect that such Company Employee Plan is qualified and the plans and trusts related thereto are exempt from federal income Taxes under Sections 401(a) and 501(a), respectively, of the Code or the period for obtaining such letter is still open. No such determination or opinion letter has been revoked and revocation has not been threatened, and no such Company Employee Plan has been amended since the date of its most recent determination or opinion letter or application therefor in any respect that would adversely affect its qualification. No act or omission has occurred with respect to any such Company Employee Plan that would reasonably be expected to adversely affect its qualification or materially increase its cost.

(f) Neither the Company, its Subsidiaries nor any of the ERISA Affiliates of the Company or any of its Subsidiaries has (i) within the past six (6) years maintained an Employee Benefit Plan that was ever subject to Section 412 of the Code or Title IV of ERISA or (ii) within the past six (6) years been obligated to contribute to a "multiemployer plan" (as defined in Section 4001(a)(3) of ERISA).

(g) None of the Company Employee Plans promises or provides retiree medical or other retiree welfare benefits to any person, except as required by (i) applicable law or (ii) the terms of any plan qualified under Section 401(a) of the Code.

(h) Except as set forth on Section 3.14(h) of the Company Disclosure Schedule, none of the Company nor any of its Subsidiaries is a party to any agreement with any director, executive officer or other key employee of the Company or such Subsidiary the benefits of which are contingent, or the terms of which are altered, upon the occurrence of a transaction involving the Company of the nature of any of the transactions contemplated by this Agreement or providing severance benefits or other benefits after the termination of employment of such director, executive officer or employee.

(i) Each Company Plan that is a nonqualified deferred compensation plan (as defined in Code Section 409A) complies in both form and operation with the requirements of Code Section 409A so that no amounts that have been paid pursuant to any such Company Employee Plan are subject to tax under Section 409A of the Code.

(j) Neither the Company, its Subsidiaries, any ERISA Affiliates, nor to the best knowledge of the Company, any fiduciary, trustee or administrator of any Company Employee Plan, has engaged in or, in connection with the transactions contemplated by this Agreement, will engage in any transaction with respect to any Company Employee Plan which would subject any such Company Employee Plan, the Company or any of its Subsidiaries or ERISA Affiliates to a tax, penalty or liability for a "prohibited transaction" under Section 406 of ERISA or Section 4975 of the Code. None of the assets of any funded Company Employee Plan that is subject to ERISA is invested in any property constituting "employer real property" or an "employer security," within the meaning of Section 407 of ERISA.

(k) There are no pending audits or investigations by any Governmental Entity of any Company Employee Plan, and no threatened or pending claims (other than routine individual claims for benefits), litigation or proceedings of any Company Employee Plan, nor to the best knowledge of the Company is there any basis for any such claim, suit or proceeding.

(l) Neither the Company nor any Subsidiary or ERISA Affiliate has any commitment to modify or amend any Company Employee Plan (except as required by law or to retain the tax qualified status of any Company Employee Plan). Neither the Company nor any ERISA Affiliate has any commitment to establish any new benefit plan, program or arrangement.

(m)The Company and each Subsidiary and ERISA Affiliate has, for purposes of each Company Employee Plan and for all other purposes, correctly classified all individuals performing services for the Company as common law employees, leased employees, independent contractors or agents, as applicable.

3.15 Labor Matters.

(a) Set forth on Section 3.15(a) of the Company Disclosure Schedule is a list of all employees of the Company and each of its Subsidiaries as of the date of this Agreement and indicating for each such employee: name, employing entity, location, hire date, title or position, current base salary or hourly wage, vacation time (including flexible time-off and sick pay) accrual, and any contracts or agreements with the Company or any of its Subsidiaries to which such employee is a party. The Company shall update Section 3.15(a) of the Company Disclosure Schedule as of the day prior to Closing.

(b) Neither the Company nor any of its Subsidiaries is or has been a party to or bound by any collective bargaining agreement or any other labor-related agreement with any labor union, labor organization or works council. No labor union, labor organization or works council has made a pending demand for recognition or certification, and there are no representation or certification proceedings or petitions seeking a representation proceeding presently pending or, to the Company's Knowledge, threatened to be brought or filed with the National Labor Relations Board or any other labor relations tribunal or authority. To the Company's Knowledge, there are no ongoing labor union organizing activities or campaigns with respect to any employees of the Company or any of its Subsidiaries.

(c) Neither the Company nor any of its Subsidiaries is the subject of any pending Action asserting that the Company or such Subsidiary has committed an unfair labor practice, nor, to the Company's Knowledge, is any such Action threatened. There is no labor strike, labor dispute, or work stoppage or lockout pending or, to the Company's Knowledge, threatened against or affecting the Company or any of its Subsidiaries and, since January 1, 2006, there has been no such action.

(d) The Company and each of its Subsidiaries is in material compliance with all, and is not in material violation of any, applicable laws relating to labor or labor relations and employment benefit terms and conditions, including any provisions thereof relating to (i) wages, hours, bonuses, commissions, termination pay, vacation pay, sick pay, fringe benefits, employee benefits, health insurance continuation (COBRA), and the payment and/or accrual of the same and all insurance and all other costs and expenses applicable thereto; (ii) unlawful, wrongful, or retaliatory or discriminatory employment or labor practices; (iii) occupational health and safety standards; (iv) immigration, workers' compensation, classification, disability, unemployment compensation, whistleblower laws, and other employment laws; and neither the Company nor any of its Subsidiaries is liable for any arrearage, or any costs or penalties for failure to comply with any of the foregoing. All employees are authorized to work in the United States. A Form I-9 has been completed properly and retained with respect to each employee.

(e) No key employee or group of key employees of the Company or any of its Subsidiaries has given written notice to the Company or such Subsidiary that such employee or any employee in a group of key employees intends to terminate his or her employment with the Company or such Subsidiary.

(f) To the Company's Knowledge, the activities of the employees of the Company and its Subsidiaries with respect to the business of the Company and its Subsidiaries do not conflict with or constitute a breach of the terms of any employment agreement, intellectual property disclosure agreement, restrictive covenant or other agreement under which such employee is obligated or bound. Neither the Company nor any of its Subsidiaries has received (in the past two years) any written allegation asserting such a breach.

3.16 Compliance With Laws. Since January 1, 2006, the Company and each of its Subsidiaries is and has been in material compliance with, is not and has not been in material violation of, and, has not received any notice alleging any material violation with respect to, any Law. For the purposes of this Agreement, "Law" shall mean any federal, state, local or foreign law, statute, ordinance or principle of common law, or any rule, regulation, standard, judgment, order, writ, injunction, decree, arbitration award, agency requirement, license or permit of any Governmental Entity.

3.17 Permits. The Company and each of its Subsidiaries has all permits, licenses and franchises from Governmental Entities material to the lawful conduct of the business of the Company and its Subsidiaries, taken as a whole, as now being conducted (the "Company Permits"). The Company and each of its Subsidiaries is and has been in material compliance with the terms of each Company Permit.

3.18 Insurance. The Company and its Subsidiaries, taken together, maintain insurance policies with reputable carriers against risks of a character and in such amounts as are customarily insured against by similarly situated companies in the same or similar businesses (the "Insurance Policies"). The Company has Insurance Policies in full force and effect for such amounts as are sufficient for compliance in all material respects with all requirements of applicable laws and of all Company Material Contracts. The Company and each of its Subsidiaries has complied in all material respects with the provisions of each material Insurance Policy under which it is the insured party. No insurer under any material Insurance Policy has provided notice to the Company or its applicable Subsidiary that it has cancelled or generally disclaimed liability under any such Insurance Policy or indicated any intent to do so or not to renew any such policy, nor has done so since January 1, 2007. There is no material claim by the Company pending with respect to any of its Insurance Policies.

3.19 Product Liability. No product liability claims have been received by the Company or any of its Subsidiaries and, to the Company's Knowledge, no such claims have been threatened against the Company or any of its Subsidiaries relating to any of the products or product candidates currently being developed, tested or manufactured by or on behalf of the Company or any of its Subsidiaries. There are no, and since January 1, 2007, there has not been, judgments, orders, writs, injunctions or decrees outstanding against the Company or any of its Subsidiaries relating to product liability claims.

3.20 Regulatory Matters.

(a) The Company's lixivaptan product candidate ("Lixivaptan") is being, and at all times since January 1, 2007 has been, developed, tested, manufactured and stored, as applicable, in compliance in all material respects with the Federal Food, Drug and Cosmetic Act (the "FDA Act") and applicable regulations issued thereunder by the United States Food and Drug Administration ("FDA"), including, as applicable, those requirements relating to the FDA's current good manufacturing practices, good laboratory practices and good clinical practices.

(b) The Company has made available to the Buyer as of the date of this Agreement a complete and correct copy of each New Drug Application ("NDA") and each Investigational New Drug application ("IND") submitted to the FDA with respect to Lixivaptan, including all supplements and amendments thereto. The Company has completed and analyzed all clinical investigations, preclinical investigations, and any other studies, analyses, or other work necessary to compile and submit the Lixivaptan NDA for substantive review by FDA. The Lixivaptan NDA is complete, accurate, and in compliance, in each case in all material respects, with all relevant provisions of the FDC Act and FDA regulations and guidances, including but not limited to the content and format requirements set forth at 21 C.F.R. sec. 314.50.

(c) The clinical trials conducted by the Company or any of its Subsidiaries with respect to Lixivaptan were conducted in all material respects in accordance with all applicable clinical trial protocols and applicable requirements of the FDA and any Institutional Review Board ("IRB"), including, as applicable, the FDA's good clinical practices and good laboratory practices regulations.

(d) None of the Company nor any of its Subsidiaries is subject to any investigation that is pending and of which the Company or such Subsidiary has been notified in writing or, to the Company's Knowledge, which has been threatened, in each case by (i) the FDA or (ii) the Department of Health and Human Services Office of Inspector General or Department of Justice pursuant to the Federal Healthcare Program Anti-Kickback Statute (42 U.S.C. §1320a-7b(b) (known as the "Anti-Kickback Statute") or the Federal False Claims Act (31 U.S.C. §3729).

(e) To the Company's Knowledge, none of the Company nor any of its Subsidiaries has submitted any claim for payment to any government healthcare program in connection with any referrals related to Lixivaptan that violated in any material respect any applicable self-referral Law, including the Federal Ethics in Patient Referrals Act, 42 U.S.C. §1395nn (known as the "Stark Law"), or any applicable state self-referral law.

(f) To the Company's Knowledge, none of the Company nor any of its Subsidiaries has submitted any claim for payment to any government healthcare program related to Lixivaptan in material violation of any laws relating to false claim or fraud, including the Federal False Claim Act, 31 U.S.C. § 3729, or any applicable state false claim or fraud law.

(g) The Company and each of its Subsidiaries has complied in all material respects with all applicable security and privacy standards regarding protected health information under (i) the Health Insurance Portability and Accountability Act of 1996, including the regulations promulgated thereunder (collectively "HIPAA") and (ii) other applicable state privacy laws.

3.21 Affiliate Transactions. Other than in his or her capacity as a director, officer or employee of the Company or one of its Subsidiaries, no Affiliate of the Company or any of its Subsidiaries (a) owns any interest (other than capital stock of the Company or Company Options) in any property or right, tangible or intangible, which is used in the business of the Company and its Subsidiaries, (b) has been involved in any business arrangement or relationship with the Company or any of its Subsidiaries, or (c) owes any money to, or is owed any money by, the Company or any of its Subsidiaries.

3.22 Brokers. Except for the fees payable to JPM, no agent, broker, investment banker, financial advisor or other firm or person is or shall be entitled, as a result of any action, agreement or commitment of the Company, its Subsidiaries or any Affiliate of the Company or any of its Subsidiaries, to any broker's, finder's, financial advisor's or other similar fee or commission in connection with any of the transactions contemplated by this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE BUYER AND THE TRANSITORY SUBSIDIARY

The Buyer and the Transitory Subsidiary represent and warrant to the Company that the statements contained in this Article IV are true and correct except as expressly set forth herein or in the disclosure schedule delivered by the Buyer and the Transitory Subsidiary to the Company and dated as of the date of this Agreement (the "Buyer Disclosure Schedule").

4.1 Organization, Standing and Power. Each of the Buyer and the Transitory Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted, and is duly qualified to do business and, where applicable as a legal concept, is in good standing as a foreign corporation in each jurisdiction in which the character of the properties it owns, operates or leases or the nature of its activities makes such qualification necessary, except for such failures to be so organized, qualified or in good standing, individually or in the aggregate, that would not reasonably be expected to have a Buyer Material Adverse Effect. For purposes of this Agreement, the term "Buyer Material Adverse Effect" means any material adverse change, event, circumstance or development with respect to, or any material adverse effect on, the ability of the Buyer or the Transitory Subsidiary to consummate, including any material delay in the Buyer's ability to consummate, the transactions contemplated by this Agreement.

4.2 Authority; No Conflict; Required Filings and Consents.

(a) Each of the Buyer and the Transitory Subsidiary has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement by the Buyer and the Transitory Subsidiary have been duly authorized by all necessary corporate action on the part of each of the Buyer and the Transitory Subsidiary. This Agreement has been duly executed and delivered by each of the Buyer and the Transitory Subsidiary and constitutes the valid and binding obligation of each of the Buyer and the Transitory Subsidiary, enforceable against each of them in accordance with its terms, subject to the Bankruptcy and Equity Exception.

(b) The execution and delivery of this Agreement by each of the Buyer and the Transitory Subsidiary do not, and the consummation by the Buyer and the Transitory Subsidiary of the transactions contemplated by this Agreement shall not, (i) conflict with, or result in any violation or breach of, any provision of the Certificate of Incorporation or By-laws of the Buyer or the Transitory Subsidiary, (ii) conflict with, or result in any violation or breach of, or constitute (with or without notice or lapse of time, or both) a default (or give rise to a right of termination, cancellation or acceleration of any obligation or loss of any material benefit) under, require a consent or waiver under, constitute a change in control under, require the payment of a penalty under or result in the imposition of any Lien on the Buyer's or the Transitory Subsidiary's assets under, any of the terms, conditions or provisions of any lease, license, contract or other agreement, instrument or obligation to which the Buyer or the Transitory Subsidiary is a party or by which any of them or any of their properties or assets may be bound, or (iii) subject to compliance with the requirements specified in clauses (i) and (ii) of Section 4.2(c), conflict with or violate any permit, concession, franchise, license, judgment, injunction, order, decree, statute, law, ordinance, rule or regulation applicable to the Buyer or the Transitory Subsidiary or any of its or their respective properties or assets, except in the case of clauses (ii) and (iii) of this Section 4.2(b) for any such conflicts, violations, breaches, defaults, terminations, cancellations, accelerations, losses, penalties or Liens, and for any consents or waivers not obtained, that, individually or in the aggregate, would not reasonably be expected to have a Buyer Material Adverse Effect.

(c) No consent, approval, license, permit, order or authorization of, or registration, declaration, notice or filing with, any Governmental Entity or any stock market or stock exchange on which shares of Buyer common stock are listed for trading is required by or with respect to the Buyer or the Transitory Subsidiary in connection with the execution and delivery of this Agreement by the Buyer or the Transitory Subsidiary or the consummation by the Buyer or the Transitory Subsidiary of the transactions contemplated by this Agreement, except for the filing of the Certificate of Merger with the Delaware Secretary of State and appropriate corresponding documents with the appropriate authorities of other states in which the Company is qualified as a foreign corporation to transact business.

(d) No vote of the holders of any class or series of the Buyer's capital stock or other securities is necessary for the consummation by the Buyer of the transactions contemplated by this Agreement.

4.3 Litigation. There is no Action pending or, to the knowledge of the Buyer or the Transitory Subsidiary, threatened, against the Buyer or the Transitory Subsidiary, and neither the Buyer nor the Transitory Subsidiary is subject to any outstanding order, writ, judgment, injunction or decree of any Governmental Entity that, in either case, would, individually or in the aggregate, (a) prevent or materially delay the consummation by the Buyer of the transactions contemplated by this Agreement or (b) otherwise prevent or materially delay performance by the Buyer or the Transitory Subsidiary of any of its material obligations under this Agreement.

4.4 Operations of the Transitory Subsidiary. The Transitory Subsidiary was formed solely for the purpose of engaging in the transactions contemplated by this Agreement, has engaged in no other business activities and has conducted its operations only as contemplated by this Agreement.

4.5 Financing. The Buyer and the Transitory Subsidiary have sufficient funds to perform all of their respective obligations under this Agreement and to consummate the Merger.

4.6 Solvency. Immediately after giving effect to the transactions contemplated by this Agreement, the Buyer, the Surviving Corporation and their Affiliates, taken together, shall be able to pay their debts as they become due and shall own property having a fair saleable value greater than the amounts required to pay their debts (including a reasonable estimate of the amount of all contingent liabilities), taken together. Immediately after giving effect to the transactions contemplated by this Agreement, the Buyer, the Surviving Corporation and their Affiliates, taken together, shall have adequate capital to carry on their business. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of the Buyer or the Surviving Corporation.

4.7 No Other Representations or Warranties. Except for the representations and warranties set forth in Article III (as modified by the Company Disclosure Schedule), the Buyer and the Transitory Subsidiary hereby acknowledge and agree that (a) none of the Company or any of its Affiliates, stockholders, directors, officers, employees, agents, representatives or advisors, or any other person or entity, has made or is making any other express or implied representation or warranty with respect to the Company or any of its Subsidiaries, including with respect to any information provided or made available to the Buyer or any of its Affiliates, stockholders, directors, officers, employees, agents, representatives or advisors, or any other person or entity, and (b) other than with respect to claims of fraud or the right of Buyer and its Affiliates to be indemnified in accordance with and subject to the limitations of Article IX, none of the Company or any of its Affiliates, stockholders, directors, officers, employees, agents, representatives or advisors, or any other person or entity, will have or be subject to any liability or indemnification obligation or other obligation of any kind or nature to the Buyer, the Transitory Subsidiary or any of their respective Affiliates, stockholders, directors, officers, employees, agents, representatives or advisors, or any other person or entity, resulting from the delivery, dissemination or any other distribution to the Buyer, the Transitory Subsidiary or any of their respective Affiliates, stockholders, directors, officers, employees, agents, representatives or advisors, or any other person or entity, or the use by the Buyer, the Transitory Subsidiary or any of their respective Affiliates, stockholders, directors, officers, employees, agents, representatives or advisors, or any other person or entity, of any such information provided or made available to any of them by the Company or any of its Affiliates, stockholders, directors, officers, employees, agents, representatives or advisors, or any other person or entity, including any information, documents, estimates, projections, forecasts or other forward-looking information, business plans or other material provided or made available to the Buyer, the Transitory Subsidiary or any of their respective Affiliates, stockholders, directors, officers, employees, agents, representatives or advisors, or any other person or entity, in “data rooms,” confidential information memoranda or management presentations in anticipation or contemplation of the Merger or any other transactions contemplated by this Agreement.

4.8 Competing Products. Neither the Buyer nor any of its Affiliates engages in any business or other enterprise that develops, manufactures, distributes, markets, uses or sells or otherwise commercializes a product candidate or product for the treatment of hyponatremia.

ARTICLE V

CONDUCT OF BUSINESS

5.1 Covenants of the Company. Except (i) as expressly provided or permitted herein, (ii) as set forth in Section 5.1 of the Company Disclosure Schedule, (iii) as required by applicable law, or (iv) as consented to in writing by the Buyer (which consent shall not be unreasonably withheld, conditioned or delayed), during the period commencing on the date of this Agreement and ending at the Effective Time or such earlier date as this Agreement may be terminated in accordance with its terms (the "Pre-Closing Period"), the Company shall use commercially reasonable efforts to, and to cause each of its Subsidiaries to, carry on its business in the ordinary course consistent with past practice, maintain and preserve its business organization, assets and properties and preserve its business relationships with those having material business dealings with it. Without limiting the generality of the foregoing, except (I) as expressly provided or permitted herein, (II) as set forth in Section 5.1 of the Company Disclosure Schedule, or (III) as required by applicable law, during the Pre-Closing Period, the Company shall not, and shall not permit any of its Subsidiaries to, do any of the following without the prior written consent of the Buyer (which consent shall not be unreasonably withheld, conditioned or delayed):

(a) (i) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, securities or other property) in respect of, any Company Stock, (ii) split, combine or reclassify any Company Stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of Company Stock or any other securities of the Company or (iii) purchase, redeem or otherwise acquire any shares of Company Stock or any other of securities of the Company or any rights, warrants or options to acquire any such shares or other securities of the Company;

(b) except as permitted by Section 5.1(j), issue, deliver, sell, grant, pledge or otherwise dispose of or encumber any shares of Company Stock, any other voting securities or any securities convertible into or exchangeable for, or any rights, warrants or options to acquire, any such shares, voting securities or convertible or exchangeable securities (other than the issuance of shares of Company Stock upon the exercise of Company Options outstanding on the date of this Agreement);

(c) amend its Certificate of Incorporation, By-laws, limited liability company operating agreement or other organizational documents;

(d) acquire (i) by merging or consolidating with, or by purchasing all or a substantial portion of the assets or any stock of, or by any other manner, any business or any corporation, partnership, joint venture, limited liability company, association or other business organization or division thereof or (ii) any assets that are material to the Company, except purchases of inventory, supplies and raw materials in the ordinary course of business;

(e) sell, lease, license, pledge, or otherwise dispose of or encumber any properties or assets material to the Company and its Subsidiaries, taken as a whole, other than in the ordinary course of business; provided that prior to the Company or any of its Subsidiaries selling, leasing, licensing, pledging, or otherwise disposing of or encumbering any of the Company Intellectual Property and Third Party Intellectual Property, prior written consent of Buyer is required;

(f) enter into any contract that would constitute a Company Material Contract if in effect on the date hereof, or waive any material right of the Company or any of its Subsidiaries under any Company Material Contract; provided, that prior to the Company or any of its Subsidiaries entering into any contract that would constitute, or waiving any material right of, any Intellectual Property Agreement, prior written consent of Buyer is required in each case;

(g) (i) incur any indebtedness (other than (A) letters of credit or similar arrangements issued to or for the benefit of suppliers and manufacturers in the ordinary course of business and (B) intercompany indebtedness), (ii) make any loans, advances (other than routine advances to employees of the Company in the ordinary course of business) or capital contributions to, or investment in, any other person or entity other than the Company or any of its Subsidiaries or (iii) cancel, modify or waive any material debts or claims held by the Company or waive any rights of material value;

(h) make any capital expenditures or other expenditures with respect to property, plant or equipment in excess of $25,000 in the aggregate, other than as set forth in the Company's budget for capital expenditures previously made available to the Buyer;

(i) make any material changes in accounting methods, principles or practices, except as required by a change in GAAP;

(j) (i) adopt, enter into, terminate or materially amend any employment, severance or similar agreement Company Employee Plan or any collective bargaining agreement (except in the ordinary course of business and only if such arrangement is terminable on 60 days' or less notice without either a penalty or a termination payment), (ii) increase in any material respect the compensation or fringe benefits of, or pay any bonus to, any director, officer or employee (except for annual increases of salaries or changes made in connection with any promotion or increase in duties or responsibilities in the ordinary course of business), (iii) accelerate the payment, right to payment or vesting of any compensation or benefits, including any outstanding options or restricted stock awards, other than as contemplated by this Agreement, (iv) grant any stock options, stock appreciation rights, stock based or stock related awards, performance units or restricted stock or (v) take any action other than in the ordinary course of business to fund or in any other way secure the payment of compensation or benefits under any Company Employee Plan;

(k) make or change or revoke any material election in respect of Taxes, adopt or change any material accounting method in respect of Taxes, file any amendment to a material Tax Return, settle any material claim or assessment in respect of Taxes, enter into a closing agreement with any Governmental Entity with respect to Taxes, take any action that would terminate or alter the application of any Tax holiday or similar favorable Tax arrangement or consent to any extension or waiver of the limitation period applicable to any material claim or assessment in respect of Taxes;

(l) settle any material action, cause of action, suit, claim, investigation, audit, hearing or proceeding, whether civil, criminal, administrative or arbitral, whether at law or in equity; or

(m)authorize any of, or commit or agree to take any of, the foregoing actions.

5.2 Severance Costs. Prior to the Closing, the Company shall terminate all employees of the Company and pay all severance, accrued compensation and other amounts owed to such terminated employees in connection with such termination of employment (other than any amounts owed to such terminated employees with respect to Company Stock or Company Options or pursuant to the Bonus Plans or amounts set forth on Section 3.7 of the Company Disclosure Schedule).

5.3 Confidentiality. The parties acknowledge that the Buyer and the Company have previously executed a confidentiality agreement, dated as of July 12, 2011 (the "Confidentiality Agreement"), which Confidentiality Agreement shall continue in full force and effect in accordance with its terms, except as expressly modified herein.

ARTICLE VI

ADDITIONAL AGREEMENTS

6.1 No Solicitation. During the Pre-Closing Period, the Company and its Subsidiaries shall not, and the Company and its Subsidiaries shall use reasonable efforts to cause their respective directors, officers, employees and other agents not to, directly or indirectly, (a) solicit, initiate or knowingly encourage any Acquisition Proposal, (b) enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any person any non public information for the purpose of encouraging or facilitating, any Acquisition Proposal or (c) otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other person or entity to do or seek any of the foregoing. The Company shall promptly inform the Buyer of the identity of any person making an Acquisition Proposal during the Pre-Closing Period as well as the nature and material terms of any such Acquisition Proposal. For purposes of this Agreement, "Acquisition Proposal" means (i) any proposal or offer for a merger, consolidation, dissolution, sale of substantial assets outside the ordinary course of business, stock purchase, recapitalization, share exchange or other business combination involving the Company or any of its Subsidiaries, (ii) any proposal for the issuance by the Company or any of its Subsidiaries of over 20% of its equity securities or (iii) any proposal or offer to acquire in any manner, directly or indirectly, over 20% of the equity securities or total assets of the Company and its Subsidiaries, taken as a whole, in each case other than the transactions contemplated by this Agreement. The Company shall, and shall cause its representatives to, immediately cease and cause to be terminated any existing discussions or negotiations with any persons or entities (other than the Buyer and the Transitory Subsidiary) conducted heretofore with respect to any of the foregoing

6.2 Stockholder Consent or Approval. As expeditiously as possible, and in any event within two hours following the execution of this Agreement, the Company shall use commercially reasonable efforts to take all lawful action to obtain the Company Stockholder Approval pursuant to executed written consents (the "Written Consent"). Promptly following receipt of the Written Consent, the Company shall cause its corporate Secretary to deliver a copy of such Written Consent to the Buyer, together with a certificate executed on behalf of the Company by its corporate Secretary certifying that such Written Consent reflects the Company Stockholder Approval.

6.3 Access to Information. During the Pre-Closing Period, the Company and its Subsidiaries shall afford to the Buyer's officers, employees, accountants, counsel and other representatives, reasonable access, upon reasonable notice, during normal business hours and in a manner that does not disrupt or interfere with business operations, to all of their properties, books, contracts, commitments, personnel and records as the Buyer shall reasonably request, and, during such period, the Company and its Subsidiaries shall furnish promptly to the Buyer the information concerning their business, properties, assets and personnel as the Buyer may reasonably request. Any access provided to the Buyer or information provided by the Company and its Subsidiaries shall not constitute any expansion of or additional representations or warranties of the Company beyond those specifically set forth in this Agreement. The Buyer will hold any such information which is nonpublic in confidence in accordance with the Confidentiality Agreement. Notwithstanding the foregoing, none of the Company or any of its Subsidiaries shall have any obligation to provide the Buyer with any such access or information which is prohibited under applicable law or the terms of any agreement to which the Company or any of its Subsidiaries is a party as of the date hereof, or the provision of which would cause any applicable attorney-client privilege to be lost.

6.4 Legal Conditions to the Merger.

(a) Subject to the terms hereof, including Section 6.4(b), the Company and the Buyer shall each:

(i) use its commercially reasonable efforts to take, or cause to be taken, all actions, and do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective the transactions contemplated hereby as promptly as practicable;

(ii) use its commercially reasonable efforts to make, as promptly as practicable, all necessary filings, and thereafter make any other required submissions, with respect to this Agreement and the Merger required under any applicable law;

(iii) use its commercially reasonable efforts to obtain, as promptly as practicable, from any Governmental Entity any consents, licenses, permits, waivers, approvals, authorizations or orders required to be obtained or made by the Company or the Buyer in connection with the authorization, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(iv)execute or deliver any additional instruments necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement.

The Company and the Buyer shall cooperate with each other in connection with the making of all such filings, including providing copies of all such documents to the other party and its advisors prior to filing and, if requested, accepting reasonable additions, deletions or changes suggested in connection therewith. The Company and the Buyer shall furnish to each other all information required for any application or other filing to be made pursuant to the rules and regulations of any applicable law in connection with the transactions contemplated by this Agreement.

(b) Each of the Company and the Buyer shall give (and the Buyer shall cause its Subsidiaries to give) any notices to third parties, and use, and, in the case of the Buyer, cause its Subsidiaries to use, their commercially reasonable efforts to obtain any third party consents required in connection with the Merger that are (i) necessary to consummate the transactions contemplated hereby, (ii) disclosed or required to be disclosed in the Company Disclosure Schedule or the Buyer Disclosure Schedule, as the case may be, or (iii) required to prevent the occurrence of an event that would have a Company Material Adverse Effect or a Buyer Material Adverse Effect prior to or after the Effective Time, it being understood that neither the Company nor the Buyer shall be required to make any payments, other than the payment of customary filing fees, in connection with the fulfillment of its obligations under this Section 6.4.

6.5 Public Disclosure. The press release announcing the execution of this Agreement shall be issued in such form as shall be mutually agreed upon by the Company and the Buyer. Except as may be required by law or stock market regulations, the Buyer and the Company shall consult with the other party before issuing any other press release or otherwise making any public statement with respect to the Merger or this Agreement.

6.6 Indemnification of Directors and Officers.

(a) From the Effective Time through the sixth anniversary of the date on which the Effective Time occurs, each of the Buyer and the Surviving Corporation agree that all rights to indemnification, advancement and exculpation now existing in favor of, and all limitations on the personal liability of, each present and former director, officer, employee, fiduciary and agent of the Company (each a “Company Indemnified Party”) and its Subsidiaries provided for in the Certificate of Incorporation or By-Laws of the Company in effect as of the date hereof shall continue in full force and effect to the fullest extent permitted under the DGCL for officers and directors of Delaware corporations.

(b) Prior to the Closing Date, the Company shall, at no expense to the beneficiaries, purchase a “tail” or “run-off” policy for the directors’ and officers’ liability insurance currently maintained by the Company with respect to periods prior to the Closing Date, which provides coverage for six (6) years following the Effective Time on terms reasonably acceptable to the Company and the Buyer.

6.7 Notification of Certain Matters. During the Pre-Closing Period, the Buyer shall give prompt notice to the Company, and the Company shall give prompt notice to the Buyer, of (a) the occurrence, or failure to occur, of any event, which occurrence or failure to occur is 47 reasonably likely to cause any representation or warranty of such party contained in this Agreement to be untrue or inaccurate in any material respect, in each case at any time from and after the date of this Agreement until the Effective Time or (b) any material failure of the Buyer and the Transitory Subsidiary or the Company, as the case may be, or of any officer, director, employee or agent thereof, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it under this Agreement. Notwithstanding the above, the delivery of any notice pursuant to this Section will not limit or otherwise affect the remedies available hereunder to the party receiving such notice or the conditions to such party's obligation to consummate the Merger. Notwithstanding the prior sentence, if (i) any such notice relates to the occurrence of any event arising after the date of this Agreement (without breach of Section 5.1 or Section 6.1), (ii) such notice is delivered at least 5 days prior to the Closing Date, (iii) such notice is accompanied by a written statement from the Company informing the Buyer of the Company's belief that the Buyer is entitled to terminate this Agreement in accordance with the provisions of Section 8.1(d) as a result of such notice (which statement shall be binding on the Company) (such written statement, a "Company Termination Right Notice") and (iv) the Buyer does not exercise such right prior to the Closing, then the information set forth in such notice shall constitute an amendment of the representation or warranty to which it relates for purpose of Article IX of this Agreement such that the Buyer shall not be entitled to indemnification under Article IX of this Agreement with respect to such matter to the extent of the information so disclosed. Within five Business Days of receipt of a Company Termination Right Notice, the Buyer shall provide written notice to the Company, which notice shall be binding on the Buyer, pursuant to which the Buyer shall agree or dispute that the Buyer is entitled to terminate this Agreement in accordance with the provisions of Section 8.1(d) as a result of such Company Termination Right Notice.

6.8 [Reserved.]

6.9 280G Matters. Prior to the Effective Time, the Company shall submit to a stockholder vote the right of any "disqualified individual" (as defined in Section 280G(c) of the Code) listed in Section 6.9 of the Company Disclosure Schedule to receive any and all payments (or other benefits) contingent on the consummation of the transactions contemplated by this Agreement (within the meaning of Section 280G(b)(2)(A)(i) of the Code) to the extent necessary so that, if such vote is adopted by the Company stockholders in a manner that satisfies the stockholder approval requirements under Section 280G(b)(5)(B) of the Code and regulations promulgated thereunder, no payment received by such "disqualified individual" would be a "parachute payment" under Section 280G(b) of the Code (determined without regard to Section 280G(b)(4) of the Code). Such vote shall determine whether the "disqualified individuals" are entitled to the payment or other compensation. In addition, the Company shall provide adequate disclosure to Company stockholders that hold voting Company Stock of all material facts concerning all payments that, but for such vote, could be deemed "parachute payments" to any such "disqualified individual" under Section 280G of the Code in a manner that satisfies Section 280G(b)(5)(B)(ii) of the Code and regulations promulgated thereunder.

6.10 Tax Matters.

(a) The Buyer and the Company agree that they will treat the Closing Date as the last day of the Company's 2011 tax year for federal income tax purposes. The Indemnification Representative shall, at the cost of the Company Participating Equityholders, prepare or cause to be prepared the federal and state income Tax Returns for the Company for the taxable period that ends on the Closing Date (the "Closing Date Tax Returns"). The Closing Date Tax Returns shall be prepared on a basis consistent with the last previous similar federal and state income Tax Returns filed by the Company. The Indemnification Representative shall provide the Buyer with copies of each Closing Date Tax Return for review and comment at least 15 days prior to the respective filing due date for such Closing Date Tax Return and shall make any changes thereto reasonably requested by the Buyer, and thereafter the Buyer shall timely file or cause to be filed with the appropriate Governmental Entity such Closing Date Tax Return. Buyer shall cooperate, and shall cause the Surviving Corporation to cooperate, with the Indemnification Representative with respect to its obligations pursuant to this Section 6.10, including, but not limited to, (a) providing reasonable access to the books and records of the Surviving Corporation and to the personnel or representatives of Buyer or the Surviving Corporation, including but not limited to individuals responsible for preparing the Company's past income Tax Returns, (b) using commercially reasonable efforts to enter into or amend the Company's engagements with third party service providers assisting with such Tax Returns to assign and delegate authority to the Indemnification Representative, subject to the limitations set forth in this Section 6.10, as necessary for the Indemnification Representative to manage and direct such third party service providers with respect to the preparation of such Tax Returns, or (c) in the event that third party service providers will not agree to such an assignment and delegation, then otherwise ensuring that the Indemnification Representative shall have access to and the ability to direct (even if indirectly through Buyer or the Company) the Company's third party service providers in a manner reasonably sufficient to permit the Indemnification Representative to fulfill its obligations under this Section 6.10; provided, that, any out of pocket fees or expenses incurred in connection with the foregoing shall be borne by the Company Participating Equityholders. Notwithstanding the foregoing, the Company shall retain the sole and exclusive authority and all obligations with respect to the filing of any such Tax Returns.

(b) Promptly following the filing of the Closing Date Tax Returns, the Indemnification Representative shall, at the cost of the Company Participating Equityholders, prepare or cause to be prepared, and the Buyer shall file, or caused to be filed, on behalf of the Company, a Form 1139, Corporation Application for Tentative Refund (or if a Form 1139 is not permitted by applicable law, one or more Forms 1120X, as needed), carrying back any net operating loss (a "NOL") or research and development tax credits reflected on the Company's federal Closing Date Tax Return to the extent permitted under applicable law.

(c) Within 5 Business Days after the Buyer or any of its Affiliates (including the Company) receives a refund of Taxes from the filing of the Form 1139 or Form 1120X(s), as the case may be (including any interest paid thereon, the "NOL Tax Refund"), the Buyer shall (i) pay to the party or account designated by the Indemnification Representative an amount of cash equal to 90% of the amount of the NOL Tax Refund and (ii) deposit an amount of cash equal to 10% of the NOL Tax Refund (the "Tax Escrow Funds") in a separate account with the Escrow Agent. In the event that the Company is requested by a Governmental Entity to repay any amount of the NOL Tax Refund or any other Tax Refund, the Buyer may obtain reimbursement for the repayment of all such amounts (plus any penalties, interest or other charges imposed by the relevant Governmental Entity) and any out-of-pocket expenses (including the reasonable fees and expenses of counsel) incurred by the Buyer or any of its Affiliates (including the Surviving

Corporation) in connection with an audit by the IRS of the NOL Tax Refund first from the Tax Escrow Funds, and then, the General Escrow Funds, and then, if the Tax Escrow Funds and the General Escrow Funds are insufficient for the Buyer to recover all such amounts and expenses, by exercising the Buyer's right of set off pursuant to Section 9.6 hereof. Within five (5) Business Days after earliest to occur of (i) the Company's receipt of letter 1574 (P) (or comparable letter) from the IRS's Joint Committee Specialist indicating that the Joint Committee on Taxation (the "JCT") has taken no exceptions to the conclusions reached by the IRS with respect to the permissibility of the NOL Tax Refundor a portion thereof; (ii) the Company's receipt of a Revenue Agent Report (not subject to JCT review) with respect to the Closing Date Tax Return agreeing to the determination of the NOL Tax Refund or a portion thereof; or (iii) the later to occur of either (a) three years from the later of (x) the due date of the Closing Date Tax Return or (y) the date such return is filed or (b) the expiration of any consent to extend the statute of limitations (Form 872) for the Closing Date Tax Return under Section 6501(c)(4) of the Code, the Buyer and the Indemnification Representative shall jointly instruct the Escrow Agent to release the balance of the Tax Escrow Funds, to the extent not subject to any outstanding claims pursuant to Article IX hereof, to (A) the Buyer or the party or account designated by the Indemnification Representative, as applicable, for distribution pursuant to the Company Participating Equityholders (other than the Bonus Plan Participants) in accordance with Section 2.6(b), if the release occurs as the result of clause (i) or (ii) and there is no reduction in the amount of the NOL Tax Refund or if the release occurs as the result of clause (iii), (B) the Buyer or the Indemnification Representative, as applicable, for distribution pursuant to the Company Participating Equityholders (other than the Bonus Plan Participants) in accordance with Section 2.6(b) an amount equal to the portion of the NOL Refund Claim not required to be repaid to the IRS, if the release occurs as the result of clause (i) or (ii) and the approved amount is less than the NOL Tax Refund by an amount less that the Tax Escrow Funds, or (C) to the Buyer, if the release occurs as the result of clause (i) or (ii) and the approved amount is less than the NOL Tax Refund by an amount that exceeds the Tax Escrow Funds.

(d) Any transfer, sales, value added, excise, stock transfer, stamp, recording, registration and any similar Taxes that become payable in connection with the Merger and other transactions contemplated hereby ("Transfer Taxes") shall be borne fifty percent (50%) by the Buyer and fifty percent (50%) by the Company. The applicable parties shall cooperate in filing such forms and documents as may be necessary to permit any such Transfer Taxes to be assessed and paid on or prior to the Closing Date in accordance with any available pre-sale filing procedure, and to obtain any exemption or refund of any such Transfer Taxes for any taxable period (or portion thereof) beginning on or after the Closing Date.

(e) On or prior to the Closing Date, the Company shall provide the Buyer with a properly executed "FIRPTA" certificate prepared in accordance with Treasury Regulations Section 1.1445-2 certifying that the interests in the Company being transferred pursuant to this Agreement are not "United States real property interests" within the meaning of Sections 897 or 1445 of the Code or the Treasury Regulations promulgated thereunder.

ARTICLE VII

CONDITIONS TO MERGER

7.1 Conditions to Each Party's Obligation To Effect the Merger. The respective obligations of each party to this Agreement to effect the Merger shall be subject to the satisfaction on or prior to the Closing Date of the following conditions:

(a) Stockholder Approval. The Company shall have obtained the Company Stockholder Approval.

(b) Governmental Approvals. Other than the filing of the Certificate of Merger, all authorizations, consents, orders or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any Governmental Entity in connection with the Merger and the consummation of the other transactions contemplated by this Agreement, the failure of which to file, obtain or occur would have a Buyer Material Adverse Effect or a Company Material Adverse Effect, shall have been filed, been obtained or occurred on terms and conditions which would not have a Buyer Material Adverse Effect or a Company Material Adverse Effect.

(c) No Injunctions. No Governmental Entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any order, executive order, stay, decree, judgment or injunction (preliminary or permanent) or statute, rule or regulation which is in effect and which has the effect of making the Merger illegal or otherwise prohibiting consummation of the Merger or the other transactions contemplated by this Agreement.

7.2 Additional Conditions to Obligations of the Buyer and the Transitory Subsidiary. The obligations of the Buyer and the Transitory Subsidiary to effect the Merger shall be subject to the satisfaction on or prior to the Closing Date of each of the following additional conditions, either of which may be waived, in writing, exclusively by the Buyer and the Transitory Subsidiary:

(a) Representations and Warranties. The representations and warranties of the Company set forth in this Agreement shall be true and correct in all material respects as of the Closing Date as though made on and as of the Closing Date (except (i) to the extent such representations and warranties are specifically made as of a particular date, in which case such representations and warranties shall be true and correct as of such date and (ii) for representations and warranties which are qualified by materiality or Company Material Adverse Effect, in which case such representations and warranties shall be true and correct in all respects); and the Buyer shall have received a certificate signed on behalf of the Company by the chief executive officer or the chief financial officer of the Company to such effect.

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement on or prior to the Closing Date; and the Buyer shall have received a certificate signed on behalf of the Company by the chief executive officer or the chief financial officer of the Company to such effect.

(c) Secretary's Certificate. The Company shall have delivered a certificate of the Secretary of the Company, dated as of the Closing Date, certifying as to (i) the copies of the Certificate of Incorporation and By-Laws, each as in effect from the date of this Agreement until the Closing Date, (ii) a copy of the votes of the Company Board authorizing and approving the applicable matters contemplated hereunder and (iii) written consents constituting the Company Stockholder Approval.

(d) Amendment of Wyeth License. The Wyeth License shall have been amended in a manner reasonably satisfactory to the Buyer so as to provide that any payments pursuant to Sections 5.2 and 5.5 thereunder shall be paid as contemplated by Section 2.6(a)(i).

(e) Absence of Pending Proceedings. No Action that seeks to restrain, restrict, limit, prohibit or enjoin the transactions contemplated by this Agreement or seeks monetary relief by reason of the consummation of such transactions shall be pending.

(f) NDA Filing. The Company shall have submitted NDA 203009 for Lixivaptan (the "Lixivaptan NDA") to the FDA and the Buyer shall have received evidence thereof reasonably satisfactory to the Buyer from the Company.

(g) Closing Cash and Cash Equivalents. The total amount of cash and cash equivalents on hand at the Company as of the Effective Time shall be no less than the amount necessary for the Company to meet its Liabilities in excess of $2,000,000; and the Buyer shall have received a certificate signed on behalf of the Company by the chief executive officer or the chief financial officer of the Company to such effect.

7.3 Additional Conditions to Obligations of the Company. The obligation of the Company to effect the Merger shall be subject to the satisfaction on or prior to the Closing Date of each of the following additional conditions, either of which may be waived, in writing, exclusively by the Company:

(a) Representations and Warranties. The representations and warranties of the Buyer and the Transitory Subsidiary set forth in this Agreement shall be true and correct in all material respects as of the Closing Date as though made on and as of the Closing Date (except (i) to the extent such representations and warranties are specifically made as of a particular date, in which case such representations and warranties shall be true and correct as of such date and (ii) representations and warranties which are qualified by materiality or Buyer Material Adverse Effect , in which case such representations and warranties shall be true and correct in all respects); and the Company shall have received a certificate signed on behalf of the Buyer by the chief executive officer or the chief financial officer of the Buyer to such effect.

(b) Performance of Obligations of the Buyer and the Transitory Subsidiary. The Buyer and the Transitory Subsidiary shall have performed in all material respects all obligations required to be performed by them under this Agreement on or prior to the Closing Date; and the Company shall have received a certificate signed on behalf of the Buyer by the chief executive officer or the chief financial officer of the Buyer to such effect.

ARTICLE VIII

TERMINATION AND AMENDMENT

8.1 Termination. This Agreement may be terminated at any time prior to the Effective Time (with respect to Sections 8.1(b) through 8.1(f), by written notice by the terminating party to the other party), whether before or, subject to the terms hereof, after receipt of the Company Stockholder Approval:

(a) by mutual written consent of the Buyer, the Transitory Subsidiary and the Company; or

(b) by either the Buyer or the Company if the Merger shall not have been consummated by January 6, 2012 (the "Outside Date"); or

(c) by either the Buyer or the Company if a Governmental Entity of competent jurisdiction shall have issued a nonappealable final order, decree or ruling or taken any other nonappealable final action (including the enactment of a Law), in each case having the effect of permanently restraining, enjoining or otherwise prohibiting the Merger; or

(d) by the Buyer, if there has been a breach of or failure to perform any representation, warranty, covenant or agreement on the part of the Company set forth in this Agreement, which breach or failure to perform (i) would cause the conditions set forth in Section 7.2(a) or 7.2(b) not to be satisfied and (ii) shall not have been cured within 20 days following receipt by the Company of written notice of such breach or failure to perform from the Buyer; or

(e) by the Company, if there has been a breach of or failure to perform any representation, warranty, covenant or agreement on the part of the Buyer or the Transitory Subsidiary set forth in this Agreement, which breach or failure to perform (i) would cause the conditions set forth in Section 7.3(a) or 7.3(b) not to be satisfied and (ii) shall not have been cured within 10 days following receipt by the Buyer of written notice of such breach or failure to perform from the Company; or

(f) by the Buyer, if the Company Stockholder Approval shall not have been obtained within two hours following the date of this Agreement.

8.2 Effect of Termination. In the event of the termination of this Agreement as provided in Section 8.1, this Agreement shall immediately become void and there shall be no liability or obligation on the part of the Buyer, the Company, the Transitory Subsidiary or their respective officers, directors, stockholders or Affiliates; provided that (a) any such termination shall not relieve any party from liability for damages (including, in the case of damages sought by the Company, damages based on the consideration payable to the Company Participating Equityholders pursuant to this Agreement) for any willful breach of this Agreement (including such party's obligation to close if it was otherwise obligated to do so under the terms of this Agreement) and (b) the provisions of Sections 5.2 (Confidentiality) and 8.3 (Fees and Expenses), this Section 8.2 (Effect of Termination) and Article X (Miscellaneous) of this Agreement and the Confidentiality Agreement shall remain in full force and effect and survive any termination of this Agreement.

8.3 Fees and Expenses. Except as set forth in this Section 8.3 or on the certificate delivered pursuant to Section 1.6, all fees and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such fees and expenses, whether or not the Merger is consummated.

8.4 Amendment. This Agreement may be amended by the parties hereto, by action taken or authorized by their respective Boards of Directors, at any time before or after receipt of the Company Stockholder Approval, but, after receipt of the Company Stockholder Approval no amendment shall be made which by law requires further approval by such stockholders without such further approval. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

8.5 Extension; Waiver. At any time prior to the Effective Time, the parties hereto, by action taken or authorized by their respective Boards of Directors, may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party. Such extension or waiver shall not be deemed to apply to any time for performance, inaccuracy in any representation or warranty, or noncompliance with any agreement or condition, as the case may be, other than that which is specified in the extension or waiver. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

ARTICLE IX

INDEMNIFICATION

9.1 Indemnification by Company Participating Equityholders. Subject to the terms and conditions of this Article IX, from and after the Closing, the Company Participating Equityholders shall indemnify, defend and hold harmless the Buyer and its Affiliates (including, after the Effective Time, the Company) and their respective and their respective successors and permitted assigns, officers, employees, directors, equityholders, members and partners (the "Buyer Indemnified Parties") against any and all claims, losses, liabilities and damages whatsoever, interest, penalties and costs and expenses, including reasonable attorneys', accountants' and expert witnesses' fees, and costs and expenses of investigation and amounts paid in settlement, court costs, and other expenses of litigation, including in respect of enforcement of their indemnity rights hereunder (collectively, "Damages") incurred or suffered by the Buyer Indemnified Parties arising out of, resulting from or constituting:

(a) any breach of a representation or warranty of the Company made in or pursuant to this Agreement or the certificate required by Section 7.2(a);

(b) any breach or non-fulfillment by the Company of any covenant or agreement made in or pursuant to this Agreement, to the extent that such breach or non-fulfillment occurs at or prior to the Effective Time;

(c) any Liabilities of the Company as of the Effective Time in excess of an amount equal to (x) $2,000,000 plus (y) the Excess Liability Amount in the aggregate;

(d) any liability of the Company or any of its Subsidiaries for any Tax imposed upon the Company or any of its Subsidiaries for (i) any taxable period ending on or before the Closing Date, (ii) any taxable period beginning on or before the Closing Date and ending after the Closing Date (a "Straddle Period"), limited to the amount of Tax allocable to the pre-Closing portion of such Straddle Period which shall be (A) in the case of Taxes that are imposed on an annual basis (such as real property taxes), the amount of such Taxes for the entire Straddle Period (or in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period) multiplied by a fraction the numerator of which is the number of calendar days in the Straddle Period up to and including the Closing Date and the denominator of which is the number of calendar days in the entire relevant Straddle Period and (B) in the case of Taxes that are not described in clause (A) (such as income Taxes, Taxes imposed in connection with the sale or other transfer or assignment of property, and payroll and similar Taxes), the amount that would have been payable if the taxable year or period of the Company and its Subsidiaries ended on the close of business on the Closing Date, (iii) any amounts required to be repaid by the Company Participating Equityholders pursuant to Section 6.11(c), and (iv) any Transfer Taxes borne by Buyer that were the responsibility of the Company pursuant to Section 6.11(d) (all such liabilities, amounts and Taxes described in this Section 9.1(d), the "Tax Losses");

(e) any Dissenting Shares;

(f) any failure by the Indemnification Representative to take any action or pay any amounts that this Agreement provides that the Indemnification Representative will take or pay;

(g) any application user or similar fee paid or required to be paid in connection with the submission of the Lixivaptan NDA pursuant to Section 7.2(f) or any resubmissions thereof because the FDA refused to file the Lixivaptan NDA for a reason under paragraph (d) or (e) of 21 CFR 314.101; and

(h) any breach by any Company Participating Equityholder, or by the legal counsel or other advisors of the Indemnification Representative, of the confidentiality commitments contemplated by Section 2.3(e)(ii).

9.2 Indemnification by Buyer. Subject to the terms and conditions of this Article IX, from and after the Closing, the Buyer shall indemnify the Company Participating Equityholders harmless against any and all Damages incurred or suffered by any Company Participating Equityholder resulting from or constituting:

(a) any breach of a representation or warranty of the Buyer or the Transitory Subsidiary made in or pursuant to this Agreement or the certificate required by Section 7.3(a); or

(b) any failure by the Buyer or the Transitory Subsidiary to perform any covenant or agreement made in or pursuant to this Agreement.

9.3 Claims for Indemnification.

(a) Third Party Claims. All claims for indemnification made under this Agreement resulting from, related to or arising out of a third-party claim against an Indemnified Party shall be made in accordance with the following procedures. A person entitled to indemnification under this Article IX (an "Indemnified Party") shall give prompt written notification to the Indemnifying Party (a "Third Party Claim Notice") of the commencement of any action, suit or proceeding relating to a third party claim for which indemnification may be sought or, if earlier, upon the assertion of any such claim by a third party. Subject to Section 9.5(e), for purposes of this Agreement, "Indemnifying Party" means (i) in the case of a claim for indemnification by the Buyer, the Company Participating Equityholders and (ii) in the case of a claim for indemnification by the Company Participating Equityholders, the Buyer. Such Third Party Claim Notice shall include a description in reasonable detail (to the extent known by the Indemnified Party) of the facts constituting the basis for such third party claim and the amount of the Damages claimed (the "Third Party Claim Amount"). Within 30 days after delivery of such Third Party Claim Notice, the Indemnifying Party may, upon written notice thereof to the Indemnified Party, assume control of the defense of such action, suit, proceeding or claim with counsel reasonably satisfactory to the Indemnified Party and at the Indemnifying Party's expense only for so long as (i) such Third Party Claim involves only monetary damages in a civil proceeding and does not seek an injunction or other equitable relief, (ii) the Indemnifying Party expressly agrees in such notice to the Indemnified Party that, as between the Indemnifying Party and the Indemnified Party, the Indemnifying Party shall be solely obligated to fully satisfy and discharge such third-party claim, and (iii) the Indemnifying Party diligently contests such claim. If the Indemnifying Party does not assume control of such defense, the Indemnified Party shall control such defense. The party not controlling such defense may participate therein at its own expense; provided that if the Indemnifying Party assumes control of such defense and the Indemnified Party reasonably concludes, based on advice from counsel, that the Indemnifying Party and the Indemnified Party have conflicting interests with respect to such action, suit, proceeding or claim, the reasonable fees and expenses of counsel to the Indemnified Party solely in connection therewith shall be considered Damages for purposes of this Agreement; provided, however, that in no event shall the Indemnifying Party be responsible for the fees and expenses of more than one (1) counsel for all Indemnified Parties. The party controlling such defense shall keep 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 Indemnified Party shall not agree to any settlement of such action, suit, proceeding or claim without the prior written consent of the Indemnifying Party. The Indemnifying Party shall not agree to any settlement of such action, suit, proceeding or claim that does not include a complete release of the Indemnified Party from all liability with respect thereto or that imposes any liability or obligation on the Indemnified Party without the prior written consent of the Indemnified Party.

(b) Procedure for Claims Not Involving Third Parties. An Indemnified Party wishing to assert a claim for indemnification under this Article IX that does not involve a third-party claim shall deliver to the Indemnifying Party a written notice (a "Claim Notice") which contains (i) a description and the amount (the "Claim Amount") of any Damages reasonably claimed to have been incurred by the Indemnified Party, (ii) a statement that the Indemnified Party is entitled to indemnification under this Article IX and a reasonable explanation of the

basis therefor and (iii) a demand for payment in the amount of such Damages. Within 30 days after delivery of a Claim Notice, the Indemnifying Party shall deliver to the Indemnified Party a written response in which the Indemnifying Party shall (A) agree that the Indemnified Party is entitled to receive all of the Claim Amount (in which case if the Indemnifying Party is the Buyer, such response shall be accompanied by a payment by the Indemnifying Party to the Indemnified Party of the Claim Amount, by check or by wire transfer and (y) if the Indemnifying Party is the Company Participating Equityholders, the Buyer shall be entitled to recover first from the General Escrow Funds and then by exercising its right of set off pursuant to Section 9.6 with respect to the Claim Amount), (B) agree that the Indemnified Party is entitled to receive part, but not all, of the Claim Amount (the "Agreed Amount") (in which case (x) if the Indemnifying Party is the Buyer, such response shall be accompanied by a payment by the Indemnifying Party to the Indemnified Party of the Agreed Amount, by check or by wire transfer and (y) if the Indemnifying Party is the Company Participating Equityholders, the Buyer shall be entitled to recover first from the General Escrow Funds and then by exercising its right of set off pursuant to Section 9.6 with respect to the Agreed Amount) or (C) contest that the Indemnified Party is entitled to receive any of the Claim Amount. If the Indemnifying Party in such response contests the payment of all or part of the Claim Amount, the Indemnifying Party and the Indemnified Party shall use good faith efforts to resolve such dispute. If such dispute is not resolved within 60 days following the delivery by the Indemnifying Party of such response, the Indemnifying Party and the Indemnified Party shall each have the right to submit such dispute to a court of competent jurisdiction in accordance with the provisions of Section 10.10.

9.4 Survival.

(a) Except as otherwise provided in Sections 9.4(b)-(e), the representations and warranties in this Agreement shall survive the Closing and the consummation of the transactions contemplated hereby and continue until the date that is eighteen (18) months following the Closing Date, at which time they shall expire. Each of the covenants and agreements contained herein shall survive the Closing and continue in full force and effect until performed in accordance with their terms.

(b) The representations and warranties contained in Section 3.13 (Environmental Matters) and Section 3.14 (Employee Benefit Plans) shall survive the Closing and the consummation of the transactions contemplated hereby and continue until the date that is two (2) years following the Closing Date, at which time they shall expire.

(c) The representations and warranties contained in Sections 3.10 (Intellectual Property) and 3.20 (Regulatory Matters) shall survive the Closing and the consummation of the transactions contemplated hereby and continue until the date that is three (3) years following the Closing Date, at which time they shall expire.

(d) The representations and warranties contained in Section 3.1 (Organization), Section 3.2 (Capitalization), Section 3.3 (Subsidiaries), Section 3.5(b) (Excess Closing Liabilities) and Section 3.22 (Brokers) (collectively, the "Fundamental Representations") and claims based on fraud shall survive the Closing and the consummation of the transactions contemplated hereby and continue until the date that is 60 days following the expiration of the applicable statutes of limitations (giving effect to any extension or waiver thereof), at which time they shall expire.

(e) The representations and warranties contained in Section 3.8 (Taxes) shall survive the Closing and the consummation of the transactions contemplated hereby and continue until the date that is 60 days following the expiration of the applicable statutes of limitations (giving effect to any extension or waiver thereof), at which time they shall expire.

(f) If an indemnification claim is properly asserted in writing pursuant to Section 9.3 prior to the expiration as provided in Sections 9.4(a)-(e) of the representation, warranty, covenant or agreement that is the basis for such claim, then such representation, warranty, covenant or agreement shall survive until, but only for the purpose of, the resolution of such claim.

9.5 Limitations.

(a) Notwithstanding anything to the contrary contained in this Agreement, the Buyer Indemnified Parties shall not be permitted to recover any Damages incurred or suffered by Buyer Indemnified Parties resulting from any breach by the Company of its representations and warranties pursuant to Section 9.1(a) (other than with respect to the Fundamental Representations) until all Damages incurred by the Buyer Indemnified Parties pursuant to such section exceed $150,000 in the aggregate, at which point the Buyer shall be entitled to recover all such Damages in excess of $150,000. Solely for the purpose of determining the existence of, and calculating the amount of any Damages arising out of or resulting from, any breach of any representation or warranty of the Company contained in this Agreement (other than any breach of any representation or warranty contained in Section 3.6(ii) (Absence of Certain Changes)) or the certificates required by Sections 7.2(a), and 7.3(a), such representation or warranty shall be read without regard to any Material Adverse Effect or materiality qualifiers contain therein.

(b) In no event shall any Indemnifying Party be responsible or liable for any Damages or other amounts under this Article IX that are consequential, special or punitive or otherwise not actual damages; provided, however, that this sentence shall not apply to or limit in any respect any claim by the Company Participating Equityholders based on a breach of Section 2.5(c) or 2.5(d) (other than any such damages payable to third parties). Each party shall (and shall cause its Affiliates to) use commercially reasonable efforts to mitigate the Damages for which indemnification is provided to it under this Article IX.

(c) The amount of Damages recoverable by an Indemnified Party under this Article IX with respect to an indemnity claim shall be reduced by the amount of any insurance payment received by such Indemnified Party (or an Affiliate thereof) with respect to such indemnity claim less any costs of recovery and resulting increases in premiums. An Indemnified Party shall use reasonable commercial efforts to pursue, and to cause its Affiliates to pursue, all insurance claims to which it may be entitled in connection with any Damages it incurs, and the parties shall cooperate with each other in pursuing insurance claims with respect to any Damages or any indemnification obligations with respect to Damages. If an Indemnified Party (or an Affiliate) receives any insurance payment in connection with any claim for Damages for which it has already been indemnified by the Indemnifying Party, it shall pay to the Indemnifying Party, within 30 days of receiving such insurance payment, an amount equal to the excess of (i) the amount previously received by the Indemnified Party under this Article IX with respect to such claim plus the amount of the insurance payments received, over (ii) the amount of Damages with respect to such claim which the Indemnified Party has become entitled to receive under this Article IX.

(d) Except with respect to claims for equitable relief made with respect to breaches of any covenant or agreement contained in this Agreement, (i) the rights of the Indemnified Parties under this Article IX and Section 6.10(c) shall be the sole and exclusive remedies of the Indemnified Parties and their respective Affiliates with respect to claims under, or otherwise relating to the transactions that are the subject of, this Agreement and (ii) the right to (x) seek recourse against the General Escrow Funds and the Tax Escrow Funds and (y) set-off set forth in Section 9.6 shall be the sole and exclusive means for the Buyer Indemnified Parties to collect any Damages for which they are entitled to indemnification under this Article IX. Without limiting the generality of the foregoing, in no event shall any party, its successors or permitted assigns be entitled to claim or seek rescission of the transactions consummated by this Agreement.

(e) For purposes of this Article IX, (i) if the Company Participating Equityholders comprise the Indemnifying Party, any references to the Indemnifying Party (except provisions relating to an obligation to make any payments) shall be deemed to refer to the Indemnification Representative and (ii) if the Company Participating Equityholders comprise the Indemnified Party, any references to the Indemnified Party (except provisions relating to an obligation to make or a right to receive any payments) shall be deemed to refer to the Indemnification Representative.

9.6 Right of Set Off.

(a) In the event that the Buyer has made a good faith claim for indemnification in accordance with this Article IX or Section 6.10(c), and any Product Payments are required to be made after such time that Wyeth received $20,000,000 as contemplated by Section 2.6(a)(i), then such Product Payments shall be reduced by an aggregate amount (a "Set Off Amount") equal to the Claim Amount stated in the Claim Notice or Third Party Claim Notice, as applicable, for such indemnification claim to the extent such Claim Amount has not been recovered from the remaining Tax Escrow Funds or General Escrow Funds, as applicable, or pursuant to this Section 9.6(a); provided, however, that the Set Off Amount resulting from any claim for indemnification pursuant to Section 9.1(a) shall not exceed 15% of such Product Payment.

(b) In any case where the Buyer is entitled to reduce a Product Payment pursuant to Section 9.6(a), the Buyer shall, on the date on which the payment of each Product Payment with respect to which such right was exercised would otherwise have been due, deliver a written notice to the Indemnification Representative stating that Buyer has exercised its rights thereunder with respect to such Product Payment, the amount of the applicable Set Off Amount and an identification of the Claim Notice that provides notice of the claim that is the basis of the Buyer's having exercised its rights in this Section 9.6.

(c) In any case where the Buyer retains a Set Off Amount pursuant to this Section 9.6, if it is later determined that the Buyer was not entitled to indemnification with respect to all or any portion of such Set Off Amount by (i) a final, non appealable judgment of a court of competent jurisdiction, (ii) a final, binding resolution of an arbitrator or (iii) the mutual agreement of Buyer and the Indemnification Representative, Buyer shall promptly (and, in any event, within 10 Business Days) pay the Set Off Amount with respect to which Buyer was not entitled to indemnification to the party or account designated by the Indemnification Representative for distribution pursuant to Section 2.6(b).

9.7 Treatment of Indemnity Payments. Any payments made to an Indemnified Party pursuant to this Article IX or Section 6.10(c) shall be treated as an adjustment to the Applicable Merger Consideration for tax purposes to the extent permitted by law.

ARTICLE X

MISCELLANEOUS

10.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly delivered (i) four Business Days after being sent by registered or certified mail, return receipt requested, postage prepaid, (ii) one Business Day after being sent for next Business Day delivery, fees prepaid, via a reputable nationwide overnight courier service or (iii) on the date of confirmation of receipt (or, the first Business Day following such receipt if the date of such receipt is not a Business Day) of transmission by facsimile, in each case to the intended recipient as set forth below:

(a) if to the Buyer or the Transitory Subsidiary, to

Cornerstone Therapeutics, Inc.
1255 Crescent Green Drive, Suite 250
Cary, NC 27518
[####]
[####]

with a copy to:

Dechert LLP
902 Carnegie Center
Suite 500
Princeton, NJ 08540-6531
[####]
[####]

(b) if to the Company, to

Cardiokine, Inc.
30 South 15th Street, 15th Floor
Philadelphia, PA 19102
Attn: Chief Executive Officer
[####]

with a copy to:

Wilmer Cutler Pickering Hale and Dorr LLP
60 State Street
Boston, Massachusetts 02109
[####]
[####]
[####]

(c) if to the Indemnification Representative, to

Shareholder Representative Services LLC
601 Montgomery Street, Suite 2020
San Francisco, CA 94111
[####]
[####]
[####]
[####]

with a copy (which shall not constitute notice) to:

Wilmer Cutler Pickering Hale and Dorr LLP
60 State Street
Boston, Massachusetts 02109
[####]
[####]
[####]

Any party to this Agreement may give any notice or other communication hereunder using any other means (including personal delivery, messenger service, ordinary mail or electronic mail), but no such notice or other communication shall be deemed to have been duly given unless and until it actually is received by the party for whom it is intended. Any party to this Agreement may change the address to which notices and other communications hereunder are to be delivered by giving the other parties to this Agreement notice in the manner herein set forth.

10.2 Entire Agreement. This Agreement (including the Company Disclosure Schedule, the Buyer Disclosure Schedule and the Schedules and Exhibits hereto and the documents and instruments referred to herein that are to be delivered at the Closing) constitutes the entire agreement among the parties to this Agreement and supersedes any prior understandings, agreements or representations by or among the parties hereto, or any of them, written or oral, with respect to the subject matter hereof; provided that the Confidentiality Agreement shall remain in effect in accordance with its terms until the Effective Time.

10.3 No Third Party Beneficiaries. This Agreement is not intended to, and shall not, confer upon any other person or entity any rights or remedies hereunder, except (a) with respect to Section 6.6 (with respect to which the Company Indemnified Parties shall be third party beneficiaries), (b) with respect to Section 6.10 (with respect to which the Company Participating Equityholders shall be third party beneficiaries), (c) with respect to Section 9.2 (with respect to which the Company Participating Equityholders shall be third party beneficiaries), (d) prior to the Effective Time, for the right of Company Participating Equityholders to pursue claims for damages (including damages based on loss of the economic benefits of the transaction to the Company Participating Equityholders) and other relief (including equitable relief) for any breach of this Agreement by the Buyer or the Transitory Subsidiary, whether or not this Agreement has been validly terminated pursuant to Article VIII, which right is hereby expressly acknowledged and agreed by the Buyer and the Transitory Subsidiary, and (b) from and after the Effective Time, the rights of Company Participating Equityholders to receive the consideration set forth in Article II. The rights granted pursuant to clause (d) of this Section 10.3 shall only be enforceable on behalf of the Company Participating Equityholders by the Company in its sole and absolute discretion, as agent for the Company Participating Equityholders and, consequently, any damages, settlements or other amounts recovered or received by the Company with respect to such claims (net of expenses incurred by the Company in connection therewith) may, in the Company's sole and absolute discretion, be (i) distributed, in whole or in part, by the Company to the Company Participating Equityholders or (ii) retained by the Company for the use and benefit of the Company on behalf of the Company Participating Equityholders in any manner the Company deems fit. In addition, no provision of this Agreement shall be deemed to be the adoption of, or an amendment to, any employee benefit plan, as that term is defined in Section 3(3) of ERISA, or otherwise to limit the right of the Company or Buyer to amend, modify or terminate any such employee benefit plan.

10.4 Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise by any of the parties hereto without the prior written consent of the other parties, and any such assignment without such prior written consent shall be null and void, except that the Buyer or the Transitory Subsidiary may transfer or assign its rights and obligations under this Agreement, in whole or from time to time in part, to one or more of their Affiliates; provided that such transfer or assignment shall not relieve the Buyer or the Transitory Subsidiary of its primary liability for its obligations hereunder or enlarge, alter or change any obligation of any other party hereto or due to the Buyer or the Transitory Subsidiary. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and permitted assigns.

10.5 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties hereto agree that the court making such determination shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement

shall be enforceable as so modified. In the event such court does not exercise the power granted to it in the prior sentence, the parties hereto agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term.

10.6 Counterparts and Signature. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties hereto and delivered to the other parties, it being understood that all parties need not sign the same counterpart. This Agreement may be executed and delivered by facsimile or .pdf transmission.

10.7 Interpretation. Except where expressly stated otherwise in this Agreement, the following rules of interpretation apply to this Agreement: (i) "either" and "or" are not exclusive and "include," "includes" and "including" are not limiting; (ii) "hereof," "hereto," "hereby," "herein" and "hereunder" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement; (iii) "date hereof" refers to the date set forth in the initial caption of this Agreement; (iv) "extent" in the phrase o the extent" means the degree to which a subject or other thing extends, and such phrase does not mean simply "if"; (v) descriptive headings, the table of defined terms and the table of contents are inserted for convenience only and do not affect in any way the meaning or interpretation of this Agreement; (vi) definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms; (vii) references to a person or entity are also to its permitted successors and assigns; (viii) references to an "Article," "Section," "Exhibit" or "Schedule" refer to an Article or Section of, or an Exhibit or Schedule to, this Agreement; (ix) references to "$" or otherwise to dollar amounts refer to the lawful currency of the United States; (x) references to a federal, state, local or foreign statute or law include any rules, regulations and delegated legislation issued thereunder; and (xi) references to a communication by a regulatory agency include a communication by the staff of such regulatory agency. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party hereto. No summary of this Agreement prepared by any party shall affect the meaning or interpretation of this Agreement.

10.8 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the State of Delaware.

10.9 Remedies. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one (1) remedy will not preclude the exercise of any other remedy. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy to which they are entitled at law or in equity.

10.10 Submission to Jurisdiction. Each of the parties to this Agreement (a) consents to submit itself to the exclusive personal jurisdiction of the Court of Chancery of the State of Delaware, New Castle County, or, if that court does not have jurisdiction, a federal court sitting in Wilmington, Delaware in any action or proceeding arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, (b) agrees that all claims in respect of such action or proceeding may be heard and determined in any such court, (c) agrees that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (d) agrees not to bring any action or proceeding arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement in any other court. Each of the parties hereto waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other party with respect thereto. Any party hereto may make service on another party by sending or delivering a copy of the process to the party to be served at the address and in the manner provided for the giving of notices in Section 10.1. Nothing in this Section 10.10, however, shall affect the right of any party to serve legal process in any other manner permitted by law.

10.11 Disclosure Schedules. The Company Disclosure Schedule and the Buyer Disclosure Schedule shall each be arranged in Sections corresponding to the numbered Sections contained in Article III, in the case of the Company Disclosure Schedule, or Article IV, in the case of the Buyer Disclosure Schedule, and the disclosure in any Section shall qualify (a) the corresponding Section in Article III or Article IV, as the case may be, and (b) the other Sections in Article III or Article IV, as the case may be, to the extent that it is reasonably apparent from a reading of such disclosure that it also qualifies or applies to such other Sections. The inclusion of any information in the Company Disclosure Schedule or the Buyer Disclosure Schedule, or in any update thereto, shall not be deemed to be an admission or acknowledgment, in and of itself, that such information is required by the terms hereof to be disclosed, is material, has resulted in or would reasonably be expected to result in a Company Material Adverse Effect or a Buyer Material Adverse Effect, or is outside the ordinary course of business.

10.12 Company's Knowledge. For purposes of this Agreement, the term "Company's Knowledge" means the actual knowledge as of the date hereof of each of Amber Salzman, Mark Guerin, Cesare Orlandi, Leonard Selihar and Roger Hunter.

[Signature page follows]

IN WITNESS WHEREOF, the Buyer, the Transitory Subsidiary and the Company have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

CORNERSTONE THERAPEUTICS, INC.

By: /s/ Craig A. Collard
Name: Craig A. Collard
Title: Chief Executive Officer

COHESION MERGER SUB, INC.

By: /s/ Andrew Powell
Name: Andrew Powell
Title: President

CARDIOKINE, INC.

By: /s/ Amber Salzman
Name: Amber Salzman
Title: Cheif Executive Officer

SHAREHOLDER REPRESENTATIVE SERVICES LLC, solely in its capacity as the Indemnification Representative

By: /s/ Mark B. Vogel
Name: Mark B. Vogel
Title: Managing Director

Exhibit 10.29

EXECUTION VERSION

ASSIGNMENT AND BILL OF SALE

THIS ASSIGNMENT AND BILL OF SALE (this "Agreement") is made as of February 24, 2017, by and among Care Capital Investments II, LP and Care Capital Offshore Investments II, LP (collectively, the "Assignors"), and Palladio Biosciences, Inc., a Delaware corporation (the "Assignee"). Capitalized terms used herein without definition shall have the respective meanings set forth in the Purchase Agreement (defined below).

Background

WHEREAS, pursuant to that certain Agreement and Plan of Merger dated December 28, 2011 (the "Purchase Agreement"), by and among Cornerstone Therapeutics Inc., a Delaware corporation (the '·'Buyer"), Cohesion Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Buyer, Cardiokine, Inc., a Delaware corporation (the "Company"), and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the Indemnification Representative, Assignors, as stockholders of the Company, may be entitled to certain "Contingent Consideration" as such term is defined in the Purchase Agreement.

WHEREAS, Assignors desire to assign, transfer and convey to Assignee, all of their rights, title and interest in the right to receive the Contingent Consideration, and any other payments that Assignors, as stockholders of the Company, would be entitled to receive under the Purchase Agreement (collectively, the "Assigned Rights").

Terms

NOW, THEREFORE, for ONE DOLLAR ($1) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound, the Assignors and the Assignee agree as follows:

I. **Assignment**. The Assignors hereby sell, assign, transfer, convey and deliver to the Assignee all of the Assignors' right, title, benefit, privileges, interests and options in, to and under the Assigned Rights, including any Contingent Consideration under Section 2.5 and the rights to distributions under Section 2.6 of the Purchase Agreement. THE ASSIGNED RIGHTS ARE BEING TRANSFERRED AS IS AND THE ASSIGNOR MAKES NO REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, AND ASSIGNEE SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE.

2. **Further Acts and Agreements**. From time to time after the date hereof and without further consideration, the Assignors shall, upon the request of the Assignee, execute and deliver such documents and instruments of conveyance and transfer as the Assignee may reasonably request in order to more fully effectuate the assignment of the Assignors' right, title, benefit, privileges, interests and options in, to and under each of the Assigned Rights, including, but not limited to, assignment and novation agreements duly executed by the Assignors and all relevant third parties to give full force and effect to such assignment or transfer, as the Assignee shall deem necessary or appropriate to vest in Assignee good and marketable title to the Assigned Rights

3. **Miscellaneous**.

(a) **Binding Effect**. This Agreement and the rights and obligations arising hereunder is binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, permitted successors and permitted assigns.

(b) **Governing Law**. This Agreement shall be governed by, enforced under and construed in accordance with the laws of the State of New Jersey, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws of such State of New Jersey or any other jurisdiction.

(c) **Amendment**. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party hereto, or in the case of a waiver, by the party against which the waiver is to be effective.

(d) **Counterparts**. This Agreement may be executed in any number of counterparts with the same effect as if the signatures thereto were upon one instrument. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Assignment and Bill of Sale as of the day and year first written above.

ASSIGNORS:

CARE CAPITAL INVESTMENTS II, LP

By: /s/ David R. Ramsay
Name:David R. Ramsay
Title: Authorized Signatory

CARE CAPITAL OFFSHORE INVESTMENTS II, LP

By: /s/ David R. Ramsay
Name:David R. Ramsay
Title: Authorized Signatory

ASSIGNEE:

PALLADIO BIOSCIENCES, INC.

By: /s/ Lorenzo Pellegrini
Name: Lorenzo Pellegrini
Title: President and CEO

[Signature Page to Assignment and Bill of Sale]

Exhibit 10.30

EXECUTION VERSION

ASSIGNMENT AND BILL OF SALE

THIS ASSIGNMENT AND BILL OF SALE (this "Agreement") is made as of June_, 2017, by and among Perseus-Soros BioPharmaceutical Fund Liquidating Trust (the "Assignor"), and Palladio Biosciences, Inc., a Delaware corporation (the "Assignee"). Capitalized terms used herein without definition shall have the respective meanings set forth in the Purchase Agreement (defined below).

Background

WHEREAS, pursuant to that certain Agreement and Plan of Merger dated December 28, 2011 (the "Purchase Agreement"), by and among Cornerstone Therapeutics Inc., a Delaware corporation (the "Buyer"), Cohesion Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Buyer, Cardiokine, Inc., a Delaware corporation (the "Company"), and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the Indemnification Representative, Assignor, as stockholder of the Company, may be entitled to certain "Contingent Consideration" as such term is defined in the Purchase Agreement.

WHEREAS, Assignor desire to assign, transfer and convey to Assignee, all of its rights, title and interest in the right to receive the Contingent Consideration, and any other payments that Assignor, as stockholder of the Company, would be entitled to receive under the Purchase Agreement (collectively, the "Assigned Rights").

Terms

NOW, THEREFORE, for FIVE THOUSAND DOLLARS ($5,000) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound, the Assignor and the Assignee agree as follows:

1. **Assignment.** The Assignor hereby sell, assign, transfer, convey and deliver to the Assignee all of the Assignor's right, title, benefit, privileges, interests and options in, to and under the Assigned Rights, including any Contingent Consideration under Section 2.5 and the rights to distributions under Section 2.6 of the Purchase Agreement. Assignor represents that it is the sole owner of the Assigned Rights free and clear of any liens (other than as provided for in the Purchase Agreement), and it has the right to transfer the Assigned Rights to Assignee. EXCEPT FOR THE PRECEDING SENTENCE, THE ASSIGNED RIGHTS ARE BEING TRANSFERRED AS IS AND THE ASSIGNOR MAKES NO REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, AND ASSIGNEE SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE.

2. **Further Acts and Agreements.** From time to time after the date hereof and without further consideration, the Assignor shall, upon the request of the Assignee, execute and deliver such documents and instruments of conveyance and transfer as the Assignee may reasonably request in order to more fully effectuate the assignment of the Assignor's right, title,

benefit, privileges, interests and options in, to and under each of the Assigned Rights, including, but not limited to, assignment and novation agreements duly executed by the Assignor and all relevant third parties to give full force and effect to such assignment or transfer, as the Assignee shall deem necessary or appropriate to vest in Assignee good and marketable title to the Assigned Rights.

3. **Miscellaneous.**

(a) **Binding Effect.** This Agreement and the rights and obligations arising hereunder is binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, permitted successors and permitted assigns.

(b) **Governing Law.** This Agreement shall be governed by, enforced under and construed in accordance with the laws of the State of New Jersey, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws of such State of New Jersey or any other jurisdiction.

(c) **Amendment.** Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party hereto, or in the case of a waiver, by the party against which the waiver is to be effective.

(d) **Counterparts.** This Agreement may be executed in any number of counterparts with the same effect as if the signatures thereto were upon one instrument. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

(e) **Legal Fees.** Upon the execution of this Agreement, all legal fees and expenses of Assignor in connection with the consummation of the transactions contemplated by this Agreement shall be reimbursed by Assignee in an amount not to exceed One Thousand Dollars ($1,000).

[Signatures on the Following Page]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Assignment and Bill of Sale as of the day and year first written above.

ASSIGNOR:

PERSEUS-SOROS BIOPHARMACEUTICAL FUND LIQUIDATING TRUST

By: /s/ Robert Wenzel
Name: Robert Wenzel
Title: CFO

ASSIGNEE:

PALLADIO BIOSCIENCES, INC.

By: /s/ Lorenzo Pellegrini
Name: Lorenzo Pellegrini
Title: President and CEO

[Signature Page to Assignment and Bill of Sale]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Assignment and Bill of Sale as of the day and year first written above.

ASSIGNOR:

PERSEUS-SOROS BIOPHARMACEUTICAL FUND LIQUIDATING TRUST

By: _____
Name:
Title:

ASSIGNEE:

PALLADIO BIOSCIENCES, INC.

By: /s/ Lorenzo Pellegrini
Name: Lorenzo Pellegrini
Title: President and CEO

[Signature Page to Assignment and Bill of Sale]

Exhibit 10.31

ASSIGNMENT AND BILL OF SALE

THIS ASSIGNMENT AND BILL OF SALE (this "Agreement") is made as of November 7, 2017, by and among Healthcare Ventures VII, L.P. (the "Assignor"), and Palladio Biosciences, Inc., a Delaware corporation (the "Assignee"). Capitalized terms used herein without definition shall have the respective meanings set forth in the Purchase Agreement (defined below).

Background

WHEREAS, pursuant to that certain Agreement and Plan of Merger dated December 28, 2011 (the "Purchase Agreement"), by and among Cornerstone Therapeutics Inc., a Delaware corporation (the "Buyer"), Cohesion Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Buyer, Cardiokine, Inc., a Delaware corporation (the "Company"), and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the Indemnification Representative, Assignor, as stockholder of the Company, may be entitled to certain "Contingent Consideration" as such term is defined in the Purchase Agreement.

WHEREAS, Assignor desire to assign, transfer and convey to Assignee, all of its rights, title and interest in the right to receive the Contingent Consideration, and any other payments that Assignor, as stockholder of the Company, would be entitled to receive under the Purchase Agreement (collectively, the "Assigned Rights").

Terms

NOW, THEREFORE, for FIVE THOUSAND DOLLARS ($5,000) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound, the Assignor and the Assignee agree as follows:

1. **Assignment**. The Assignor hereby sells, assigns, transfers, conveys and delivers to the Assignee all of the Assignor's right, title, benefit, privileges, interests and options in, to and under the Assigned Rights, including any Contingent Consideration under Section 2.5 and the rights to distributions under Section 2.6 of the Purchase Agreement. Assignor represents that it is the sole owner of the Assigned Rights free and clear of any liens (other than as provided for in the Purchase Agreement), and it has the right to transfer the Assigned Rights to Assignee. EXCEPT FOR THE PRECEDING SENTENCE, THE ASSIGNED RIGHTS ARE BEING TRANSFERRED AS IS AND THE ASSIGNOR MAKES NO REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, AND ASSIGNEE SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE.

2. **Assumption**. The Assignee hereby assumes all terms, covenants, obligations and conditions of the Assignor under the Purchase Agreement and related agreements.

3. **Miscellaneous**.

(a) **Binding Effect.** This Agreement and the rights and obligations arising hereunder is binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, permitted successors and permitted assigns.

(b) **Governing Law.** This Agreement shall be governed by, enforced under and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws of such State of Delaware or any other jurisdiction.

(c) **Amendment.** Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party hereto, or in the case of a waiver, by the party against which the waiver is to be effective.

(d) **Counterparts.** This Agreement may be executed in any number of counterparts with the same effect as if the signatures thereto were upon one instrument. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

(e) **Legal Fees.** Upon the execution of this Agreement, all legal fees and expenses of Assignor in connection with the consummation of the transactions contemplated by this Agreement shall be reimbursed by Assignee.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Assignment and Bill of Sale as of the day and year first written above.

ASSIGNOR:

HEALTHCARE VENTURES VII, L.P.

By: /s/ Augustine Lawlor
Name: Augustine Lawlor
Title: General Partner of HealthCare Partners VII, L.P., the general partner of HealthCare Ventures VII, L.P.

ASSIGNEE:

PALLADIO BIOSCIENCES, INC.

By: /s/ Lorenzo Pellegrini
Name: Lorenzo Pellegrini
Title: Presiden and CEO

[Signature Page to Assignment and Bill of Sale]

Exhibit 10.32

ASSIGNMENT AND BILL OF SALE

THIS ASSIGNMENT AND BILL OF SALE (this "Agreement") is made as of December 20, 2017, by and among Advent Private Equity Fund III A, Advent Private Equity Fund III B, Advent Private Equity Fund III C, Advent Private Equity Fund III D, Advent Private Equity Fund III & Co KG, Advent Private Equity Fund III Affiliates, Advent Management III Limited Partnership, Advent Private Equity Fund IV, and Advent Management IV Limited Partnership (collectively, the "Assignors"), and Palladio Biosciences, Inc., a Delaware corporation (the "Assignee"). Capitalized terms used herein without definition shall have the respective meanings set forth in the Purchase Agreement (defined below).

Background

WHEREAS, pursuant to that certain Agreement and Plan of Merger dated December 28, 2011 (the "Purchase Agreement"), by and among Cornerstone Therapeutics Inc., a Delaware corporation (the "Buyer"), Cohesion Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Buyer, Cardiokine, Inc., a Delaware corporation (the "Company"), and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the Indemnification Representative, Assignors, as stockholders of the Company, may be entitled to certain "Contingent Consideration" as such term is defined in the Purchase Agreement.

WHEREAS, Assignors desire to assign, transfer and convey to Assignee, all of their rights, title and interest in the right to receive the Contingent Consideration, and any other payments that Assignors, as stockholders of the Company, would be entitled to receive under the Purchase Agreement (collectively, the "Assigned Rights").

Terms

NOW, THEREFORE, for FIVE THOUSAND DOLLARS ($5,000) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound, the Assignors and the Assignee agree as follows:

1. **Assignment**. The Assignors hereby sell, assign, transfer, convey and deliver to the Assignee all of the Assignors' right, title, benefit, privileges, interests and options in, to and under the Assigned Rights, including any Contingent Consideration under Section 2.5 and the rights to distributions under Section 2.6 of the Purchase Agreement. Assignors represent that they are the sole owner of the Assigned Rights free and clear of any liens (other than as provided for in the Purchase Agreement), and that they have the right to transfer the Assigned Rights to Assignee. EXCEPT FOR THE PRECEDING SENTENCE, THE ASSIGNED RIGHTS ARE BEING TRANSFERRED AS IS AND THE ASSIGNORS MAKE NO REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, AND ASSIGNEE SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE.

2. **Further Acts and Agreements**. From time to time after the date hereof and without further consideration, the Assignors shall, upon the request of the Assignee, execute and deliver such documents and instruments of conveyance and transfer as the Assignee may reasonably request in order to more fully effectuate the assignment of the Assignors' right, title, benefit, privileges, interests and options in, to and under each of the Assigned Rights, including, but not limited to, assignment and novation agreements duly executed by the Assignors and all relevant third parties to give full force and effect to such assignment or transfer, as the Assignee shall deem necessary or appropriate to vest in Assignee good and marketable title to the Assigned Rights.

3. **Miscellaneous**.

(a) **Binding Effect**. This Agreement and the rights and obligations arising hereunder is binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, permitted successors and permitted assigns.

(b) **Governing Law**. This Agreement shall be governed by, enforced under and construed in accordance with the laws of the State of New Jersey, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws of such State of New Jersey or any other jurisdiction.

(c) **Amendment**. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party hereto, or in the case of a waiver, by the party against which the waiver is to be effective.

(d) **Counterparts**. This Agreement may be executed in any number of counterparts with the same effect as if the signatures thereto were upon one instrument. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

(e) **Legal Fees**. Upon the execution of this Agreement, all legal fees and expenses of Assignors in connection with the consummation of the transactions contemplated by this Agreement shall be reimbursed by Assignee in an amount not to exceed Two Thousand Dollars ($2,000).

[Signatures on the Following Page]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Assignment and Bill of Sale as of the day and year first written above.

ASSIGNORS:

ADVENT PRIVATE EQUITY FUND III A LP

By: /s/ L Gabb
Name: L Gabb
Title: Partner, Advent Venture Partners LLP, as Manager

ADVENT PRIVATE EQUITY FUND III B LP

By: /s/ L Gabb
Name: L Gabb
Title: Partner, Advent Venture Partners LLP, as Manager

ADVENT PRIVATE EQUITY FUND III C LP

By: /s/ L Gabb
Name: L Gabb
Title: Partner, Advent Venture Partners LLP, as Manager

ADVENT PRIVATE EQUITY FUND III D LP

By: /s/ L Gabb
Name: L Gabb
Title: Partner, Advent Venture Partners LLP, as Manager

[Signature Page to Assignment and Bill of Sale]

ADVENT PRIVATE EQUITY FUND III GMBH & CO KG

By: /s/ L Gabb
Name: L Gabb
Title: Partner, Advent Venture Partners LLP, as Manager

ADVENT PRIVATE EQUITY FUND III AFFILIATES LP

By: /s/ L Gabb
Name: L Gabb
Title: Partner, Advent Venture Partners LLP, as Manager

ADVENT MANAGEMENT III LP

By: /s/ L Gabb
Name: L Gabb
Title: Partner, Advent Venture Partners LLP, as Manager

ADVENT PRIVATE EQUITY FUND IV LP

By: /s/ L Gabb
Name: L Gabb
Title: Partner, Advent Venture Partners LLP, as Manager

ADVENT MANAGEMENT IV LP

By: /s/ L Gabb
Name: L Gabb
Title: Partner, Advent Venture Partners LLP, as Manager

ASSIGNEE:

PALLADIO BIOSCIENCES, INC.

By: /s/ Lorenzo Pellegrini
Name: Lorenzo Pellegrini
Title: President and CEO

[Signature Page to Assignment and Bill of Sale]

Entity	Shares	% of Advent Shares
Advent Private Equity Fund III A	5,345,641	35.64%
Advent Private Equity Fund III B	2,619,399	17.46%
Advent Private Equity Fund III C	730,674	4.87%
Advent Private Equity Fund III D	1,437,223	9.58%
Advent Private Equity Fund III & Co KG	206,795	1.38%
Advent Private Equity Fund III Affiliates	172,329	1.15%
Advent Management Ill Limited Partnership	51,699	0.34%
Total Fund III	10,563,760	70.43%
Advent Private Equity Fund IV	4,392,317	29.28%
Advent Management IV Limited Partnership	43,923	0.29%
Total Fund IV	4,436,240	29.57%
Total Advent	15,000,000	100.00%

Exhibit 21.1

SUBSIDIARIES

Subsidiary	Jurisdiction of Incorporation
Centessa Limited	England and Wales
Centessa Pharmaceuticals, Inc.	Delaware
Palladio Biosciences, Inc.	Delaware
ApcinteX Limited	England and Wales
Pega-One S.A.S.	France
Z Factor Limited	England and Wales
Morphogen-IX Limited	England and Wales
Capella Bioscience Ltd	England and Wales
LockBody Therapeutics Ltd	England and Wales
Orexia Therapeutics Limited	England and Wales
Inexia Limited	England and Wales
Janpix Limited	England and Wales
PearlRiver Bio GmbH	Germany

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Centessa Pharmaceuticals Limited:

We consent to the use of our report dated March 12, 2021, with respect to the balance sheet of Centessa Pharmaceuticals Limited as of December 31, 2020, the related statements of operations and comprehensive loss, shareholders' deficit, and cash flows for the period October 26, 2020 (inception) through December 31, 2020, and the related notes, included herein and to the reference to our firm under the heading "Experts" in the prospectus.

/s/ KPMG LLP

Boston, Massachusetts
May 12, 2021

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Centessa Pharmaceuticals Limited:

We consent to the use of our report dated March 12, 2021, with respect to the combined balance sheets of the Centessa Predecessor Group (consisting of Z Factor Limited, LockBody Therapeutics Ltd, and Morphogen-IX Limited) as of December 31, 2019 and 2020, the related combined statements of operations and comprehensive loss, convertible preferred shares and combined deficit, and cash flows for the years then ended, and the related notes, included herein and to the reference to our firm under the heading “Experts” in the prospectus.

/s/ KPMG LLP

Boston, Massachusetts
May 12, 2021

Exhibit 23.3

401 E. Jackson Street
Suite 2425
Tampa, Florida 33602
813.559.6400
www.frazierdeeter.com

CONSENT OF INDEPENDENT AUDITOR

We consent to the use in this Registration Statement on Form S-1 of Centessa Pharmaceuticals Limited of our reports dated March 12, 2021, relating to the financial statements of Palladio Biosciences, Inc.; Inexia Limited; Janpix Limited; Pega-One S.A.S.; PearlRiver Bio GmbH; Orexia Limited; Capella Bioscience Limited; and ApcinteX Limited, appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the heading “Experts” in such Prospectus.

Tampa, Florida
May 12, 2021