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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2022

OR

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

For the transition period from _____ to _____

Commission File Number: 001-38662

SUTRO BIOPHARMA, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**47-0926186**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
111 Oyster Point Blvd, South San Francisco, California	**94080**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (650) 881-6500

Not Applicable:

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

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

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

As of August 4, 2022, the registrant had 52,161,451 shares of common stock, $0.001 par value per share, outstanding.

Table of Contents

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Sutro Biopharma, Inc.
Condensed Balance Sheets
(In thousands, except share and per share amounts)

	June 30, 2022 (Unaudited)	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 79,115	$ 30,414
Marketable securities	112,513	130,343
Investment in equity securities	34,008	37,181
Accounts receivable	97,671	12,454
Prepaid expenses and other current assets	8,204	8,123
Total current assets	331,511	218,515
Property and equipment, net	23,600	22,550
Operating lease right-of-use assets	27,716	29,041
Marketable securities, non-current	-	68,775
Other non-current assets	1,921	1,655
Restricted cash	872	872
Total assets	$ 385,620	$ 341,408
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 12,567	$ 11,327
Accrued compensation	7,748	11,417
Deferred revenue - current	6,490	5,496
Operating lease liability - current	1,120	1,037
Debt - current	12,500	9,375
Other current liabilities	4,147	3,084
Total current liabilities	44,572	41,736
Deferred revenue - non-current	90,000	-
Operating lease liability - non-current	32,069	31,224
Debt - non-current	9,779	15,738
Other noncurrent liabilities	142	146
Total liabilities	176,562	88,844
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, $0.001 par value — 10,000,000 shares authorized as of June 30, 2022 and December 31, 2021; 0 shares issued and outstanding as of June 30, 2022 and December 31, 2021	-	-
Common stock, $0.001 par value — 300,000,000 shares authorized as of June 30, 2022 and December 31, 2021; 48,674,232 and 46,327,131 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	49	46
Additional paid-in-capital	608,898	586,243
Accumulated other comprehensive loss	(1,356)	(314)
Accumulated deficit	(398,533)	(333,411)
Total stockholders' equity	209,058	252,564
Total Liabilities and Stockholders' Equity	$ 385,620	$ 341,408

See accompanying notes to unaudited interim condensed financial statements.

Sutro Biopharma, Inc.
Condensed Statements of Operations
(Unaudited)
(In thousands, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues	$ 28,096	$ 28,049	$ 33,993	$ 42,709
Operating expenses				
Research and development	32,332	25,309	62,322	47,871
General and administrative	15,143	12,545	30,182	23,652
Total operating expenses	47,475	37,854	92,504	71,523
Loss from operations	(19,379)	(9,805)	(58,511)	(28,814)
Interest income	197	175	313	372
Unrealized (loss) gain on equity securities	(3,736)	4,325	(3,173)	(6,364)
Interest and other expense, net	(594)	(847)	(1,251)	(1,705)
Loss before provision for income taxes	(23,512)	(6,152)	(62,622)	(36,511)
Provision for income taxes	2,500	-	2,500	-
Net loss	$ (26,012)	$ (6,152)	$ (65,122)	$ (36,511)
Net loss per share, basic and diluted	$ (0.55)	$ (0.13)	$ (1.39)	$ (0.79)
Weighted-average shares used in computing basic and diluted loss per share	46,957,196	46,116,175	46,729,663	46,007,892

See accompanying notes to unaudited interim condensed financial statements.

Sutro Biopharma, Inc.
Condensed Statements of Comprehensive Loss
(Unaudited)
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net loss	$ (26,012)	$ (6,152)	$ (65,122)	$ (36,511)
Other comprehensive loss:				
Unrealized loss on available-for-sale securities	(204)	(45)	(1,042)	(174)
Comprehensive loss	$ (26,216)	$ (6,197)	$ (66,164)	$ (36,685)

See accompanying notes to unaudited interim condensed financial statements.

Sutro Biopharma, Inc.
Condensed Statements of Stockholders' Equity
(Unaudited)
(In thousands, except share amounts)

	Common Stock		Additional Paid-In-Capital	Accumulated Other Comprehensive (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances at December 31, 2021	46,327,131	$ 46	$ 586,243	$ (314)	$ (333,411)	$ 252,564
Exercise of common stock options	32,497	—	180	—	—	180
Issuance of common stock under Employee Stock Purchase Plan	146,165	—	1,006	—	—	1,006
Vesting of restricted stock units	465,731	1	(1)	—	—	—
Stock transaction associated with taxes withheld on restricted stock units	(44,665)	—	(404)	—	—	(404)
Stock-based compensation expense	—	—	6,974	—	—	6,974
Net unrealized loss on available-for-sale securities	—	—	—	(838)	—	(838)
Net loss	—	—	—	—	(39,110)	(39,110)
Balances at March 31, 2022	46,926,859	$ 47	$ 593,998	$ (1,152)	$ (372,521)	$ 220,372
Exercise of common stock options	298	—	2	—	—	2
Vesting of restricted stock units	31,375	—	—	—	—	—
Stock transaction associated with taxes withheld on restricted stock units	(1,296)	—	(9)	—	—	(9)
Stock-based compensation expense	—	—	6,696	—	—	6,696
Issuance of common stock in connection with At-The-Market sale, net of issuance costs of $690	1,716,996	2	8,211	—	—	8,213
Net unrealized loss on available-for-sale securities	—	—	—	(204)	—	(204)
Net loss	—	—	—	—	(26,012)	(26,012)
Balances at June 30, 2022	48,674,232	$ 49	$ 608,898	$ (1,356)	$ (398,533)	$ 209,058

	Common Stock		Additional Paid-In-Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances at December 31, 2020	45,752,116	$ 46	$ 559,746	$ 129	$ (227,873)	$ 332,048
Exercise of common stock options	129,161	—	1,360	—	—	1,360
Issuance of common stock under Employee Stock Purchase Plan	93,346	—	873	—	—	873
Vesting of restricted stock units	147,349	—	—	—	—	—
Stock transaction associated with taxes withheld on restricted stock units	(18,366)	—	(407)	—	—	(407)
Stock-based compensation expense	—	—	3,952	—	—	3,952
Net unrealized loss on available-for-sale securities	—	—	—	(129)	—	(129)
Net loss	—	—	—	—	(30,359)	(30,359)
Balances at March 31, 2021	46,103,606	$ 46	$ 565,524	$ —	$ (258,232)	$ 307,338
Exercise of common stock options	40,902	—	452	—	—	452
Return and retirement of common stocks	(6,804)	—	—	—	—	—
Vesting of restricted stock units	3,750	—	—	—	—	—
Stock-based compensation expense	—	—	5,907	—	—	5,907
Net unrealized gain on available-for-sale securities	—	—	—	(45)	—	(45)
Net income	—	—	—	—	(6,152)	(6,152)
Balances at June 30, 2021	46,141,454	$ 46	$ 571,883	$ (45)	$ (264,384)	$ 307,500

See accompanying notes to unaudited interim condensed financial statements.

Sutro Biopharma, Inc.
Condensed Statements of Cash Flows
(Unaudited)
(In thousands)

	Six Months Ended June 30,	
	2022	**2021**
Operating activities		
Net loss	$ (65,122)	$ (36,511)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,724	2,411
Amortization of premium on marketable securities	913	1,194
Stock-based compensation	13,670	9,859
Noncash lease expenses	1,325	2,384
Unrealized loss on equity securities	3,173	6,364
Remeasurement of liability awards	(9)	25
Other	22	258
Changes in operating assets and liabilities:		
Accounts receivable	(85,217)	(3,601)
Prepaid expenses and other assets	(81)	(4,818)
Accounts payable	836	1,742
Accrued compensation	(3,669)	(2,313)
Other liabilities	1,072	434
Deferred revenue	90,994	(12,382)
Change in operating lease liability	928	(739)
Net cash used in operating activities	(38,441)	(35,693)
Investing activities		
Purchases of marketable securities	(14,938)	(202,315)
Maturities of marketable securities	70,409	85,250
Sales of marketable securities	29,179	9,000
Purchases of equipment and leasehold improvements	(3,753)	(7,789)
Net cash provided by (used in) investing activities	80,897	(115,854)
Financing activities		
Payment of issuance costs	-	(491)
Proceeds from At-The-Market sale, net of issuance costs	8,595	-
Payment of debt	(3,125)	-
Proceeds from exercise of common stock options	182	1,812
Taxes paid related to net shares settlement of restricted stock units	(413)	(407)
Proceeds from employee stock purchase plan	1,006	873
Net cash provided by financing activities	6,245	1,787
Net increase (decrease) in cash, cash equivalents and restricted cash	48,701	(149,760)
Cash, cash equivalents and restricted cash at beginning of period	31,286	207,024
Cash, cash equivalents and restricted cash at end of period	$ 79,987	$ 57,264
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 998	$ 1,020
Supplemental disclosure of non-cash investing and financing information:		
Purchases of equipment included in accounts payable	$ 392	$ 1,376
Issuance costs included in accounts payable	$ 382	$ -
Embedded interest associated with program fees	$ -	$ 412

See accompanying notes to unaudited interim condensed financial statements.

1. Organization and Principal Activities

Description of Business

Sutro Biopharma, Inc. (the "Company"), is a clinical-stage oncology company developing site-specific and novel-format antibody drug conjugates, or ADCs. The Company was incorporated on April 21, 2003 and is headquartered in South San Francisco, California.

The Company operates in one business segment, the development of biopharmaceutical products.

At-The-Market Sales

During the three months ended June 30, 2022, the Company sold an aggregate of 1,716,996 shares of its common stock through its At-the-Market Facility ("ATM Facility") pursuant to its Open Market Sales Agreement℠ dated April 2, 2021 with Jefferies LLC ("Jefferies"), as sales agent (the "Sales Agreement"). The gross proceeds from these sales were approximately $8.9 million, before deducting fees of approximately $0.7 million, resulting in net proceeds of approximately $8.2 million to the Company.

Liquidity

The Company has incurred significant losses and has negative cash flows from operations. As of June 30, 2022, the Company had an accumulated deficit of $398.5 million. Management expects to continue to incur additional substantial losses in the foreseeable future as a result of the Company's research and development and other operational activities.

As of June 30, 2022, the Company had unrestricted cash, cash equivalents and marketable securities of $191.6 million, which is available to fund future operations. The Company will need to raise additional capital to support the completion of its research and development activities and to support its operations.

The Company believes that its unrestricted cash, cash equivalents and marketable securities as of June 30, 2022 will enable the Company to maintain its operations for a period of at least 12 months following the filing date of its financial statements.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying interim condensed financial statements of the Company are unaudited. These interim condensed financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and the applicable rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The December 31, 2021 condensed balance sheet was derived from the audited financial statements as of that date, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates on historical experience and market-specific or other relevant assumptions that it believes are reasonable under the circumstances. The amounts of assets and liabilities reported in the Company's condensed balance sheets and the amounts of expenses and income reported for each of the periods presented are affected by estimates and assumptions, which are used for, but are not limited to, determining research and development periods under collaboration arrangements, stock-based compensation expense, valuation of marketable securities, impairment of long-lived assets, income taxes and certain accrued liabilities. Actual results could differ from such estimates or assumptions.

The full extent to which the COVID-19 pandemic will directly or indirectly impact the Company's business, results of operations and financial condition, including revenue, expenses, manufacturing, clinical trials, research and development costs and employee-related amounts, will depend on future developments that are highly uncertain, including as a result of new information that may emerge concerning COVID-19 and the actions taken to contain or treat it, as well as the

economic impact on local, regional, national and international customers, suppliers, service providers and markets. The Company has made estimates of the impact of COVID-19 within its financial statements and there may be changes to those estimates in future periods. Actual results could differ from such estimates or assumptions.

The accompanying unaudited interim condensed financial statements have been prepared on the same basis as the audited financial statements and, in the opinion of management, reflect all adjustments of a normal recurring nature considered necessary to state fairly the Company's financial position, results of operations, comprehensive loss, and cash flows for the interim periods. The interim results for the three and six months ended June 30, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022, or for any other future annual or interim period.

The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Company's audited financial statements included in the Annual Report on Form 10-K pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, for the year ended December 31, 2021.

Impacts of Recently Adopted Accounting Pronouncements on 2021 Interim Reporting

On July 1, 2021, the Company adopted Accounting Standards Update ("ASU") No. 2016-02, Leases ("Topic 842"), effective as of January 1, 2021. As a result, interim results for reporting periods beginning on or after January 1, 2021 will differ from amounts previously reported on the Company's quarterly reports on Form 10-Q. The adoption of ASC 842 did not have a material impact on the Company's condensed Statements of Operations and condensed Statements of Cash Flows.

Recent Accounting Pronouncements Not Yet Adopted

There were no new accounting pronouncements issued since our filing of the Annual Report on Form 10-K for the year ended December 31, 2021, which could have a significant effect on our condensed financial statements.

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheets that sum to the total of the same amounts shown in the condensed Statements of Cash Flows.

	June 30,	
	2022	**2021**
	(in thousands)	
Cash and cash equivalents	$ 79,115	$ 56,392
Restricted cash	872	872
Total cash, cash equivalents, and restricted cash shown in the condensed Statements of Cash Flows	$ 79,987	$ 57,264

Investments in Equity Securities

Vaxcyte common stock held by the Company is measured at fair value at each reporting period based on the closing price of Vaxcyte's common stock on the last trading day of each reporting period, with any unrealized gains and losses recorded in the Company's condensed Statements of Operations.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability, or an exit price, in the principal or most advantageous market for that asset or liability in an orderly transaction between market participants on the measurement date and establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs when measuring fair value. The Company determined the fair value of financial assets and liabilities using the fair value hierarchy that describes three levels of inputs that may be used to measure fair value, as follows:

Level 1—Quoted prices in active markets for identical assets and liabilities;

Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying amounts of accounts receivable, prepaid expenses, accounts payable, accrued liabilities and accrued compensation and benefits approximate fair value due to the short-term nature of these items.

The fair value of the Company's outstanding loan (See Note 6) is estimated using the net present value of the payments, discounted at an interest rate that is consistent with market interest rate, which is a Level 2 input. The estimated fair value of the Company's outstanding loan approximates the carrying amount, as the loan bears a floating rate that approximates the market interest rate.

Revenue Recognition

When the Company enters into collaboration agreements, it assesses whether the arrangements fall within the scope of ASC 808 (Collaborative Arrangements (ASC 808)), based on whether the arrangements involve joint operating activities and whether both parties have active participation in the arrangement and are exposed to significant risks and rewards. To the extent that the arrangement falls within the scope of ASC 808, the Company assesses whether the payments between the Company and its collaboration partner fall within the scope of other accounting literature. If it concludes that payments from the collaboration partner to the Company represent consideration from a customer, such as license fees and contract research and development activities, the Company accounts for those payments within the scope of ASC 606, Revenue from Contracts with Customers. However, if the Company concludes that its collaboration partner is not a customer for certain activities and associated payments, such as for certain collaborative research, development, manufacturing and commercial activities, the Company presents such payments as a reduction of research and development expense or general and administrative expense, based on where the Company presents the underlying expense.

The Company has no products approved for commercial sale and has not generated any revenue from commercial product sales. The total revenue to date has been generated principally from collaboration and license agreements and to a lesser extent, from manufacturing, supply and services and materials the Company provides to its collaboration partners.

Collaboration Revenue

The Company derives revenue from collaboration arrangements, under which the Company may grant licenses to its collaboration partners to further develop and commercialize its proprietary product candidates. The Company may also perform research and development activities under the collaboration agreements. Consideration under these contracts generally includes a nonrefundable upfront payment, development, regulatory and commercial milestones and other contingent payments, and royalties based on net sales of approved products. Additionally, the collaborations may provide options for the customer to acquire from the Company materials and reagents, clinical product supply or additional research and development services under separate agreements.

The Company assesses which activities in the collaboration agreements are considered distinct performance obligations that should be accounted for separately. The Company develops assumptions that require judgement to determine whether the license to the Company's intellectual property is distinct from the research and development services or participation in activities under the collaboration agreements.

At the inception of each agreement, the Company determines the arrangement transaction price, which includes variable consideration, based on the assessment of the probability of achievement of future milestones and contingent payments and other potential consideration. The Company recognizes revenue over time by measuring its progress towards the complete satisfaction of the relevant performance obligation using an appropriate input or output method based on the nature of the service promised to the customer.

For arrangements that include multiple performance obligations, the Company allocates the transaction price to the identified performance obligations based on the standalone selling price, or SSP, of each distinct performance obligation. In instances where SSP is not directly observable, the Company develops assumptions that require judgment to determine the SSP for each performance obligation identified in the contract. These key assumptions may include full-time equivalent, or FTE personnel effort, estimated costs, discount rates and probabilities of clinical development and regulatory success.

Upfront Payments: For collaboration arrangements that include a nonrefundable upfront payment, if the license fee and research and development services cannot be accounted for as separate performance obligations, the transaction price is deferred and recognized as revenue over the expected period of performance using a cost-based input methodology. The Company uses judgement to assess the pattern of delivery of the performance obligation. In addition, amounts paid in advance of services being rendered may result in an associated financing component to the upfront payment. Accordingly, the interest on such borrowing cost component will be recorded as interest expense and revenue, based on an appropriate borrowing rate applied to the value of services to be performed by the Company over the estimated service performance period.

License Grants: For collaboration arrangements that include a grant of a license to the Company's intellectual property, the Company considers whether the license grant is distinct from the other performance obligations included in the arrangement. For licenses that are distinct, the Company recognizes revenues from nonrefundable, upfront payments and other consideration allocated to the license when the license term has begun and the Company has provided all necessary information regarding the underlying intellectual property to the customer, which generally occurs at or near the inception of the arrangement.

Milestone and Contingent Payments: At the inception of the arrangement and at each reporting date thereafter, the Company assesses whether it should include any milestone and contingent payments or other forms of variable consideration in the transaction price using the most likely amount method. If it is probable that a significant reversal of cumulative revenue would not occur upon resolution of the uncertainty, the associated milestone value is included in the transaction price. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of each milestone and any related constraint and, if necessary, adjusts its estimate of the overall transaction price. Since milestone and contingent payments may become payable to the Company upon the initiation of a clinical study or filing for or receipt of regulatory approval, the Company reviews the relevant facts and circumstances to determine when the Company should update the transaction price, which may occur before the triggering event. When the Company updates the transaction price for milestone and contingent payments, the Company allocates the changes in the total transaction price to each performance obligation in the agreement on the same basis as the initial allocation. Any such adjustments are recorded on a cumulative catch-up basis in the period of adjustment, which may result in recognizing revenue for previously satisfied performance obligations in such period. The Company's collaborators generally pay milestones and contingent payments subsequent to achievement of the triggering event.

Research and Development Services: For amounts allocated to the Company's research and development obligations in a collaboration arrangement, the Company recognizes revenue over time using a cost-based input methodology, representing the transfer of goods or services as activities are performed over the term of the agreement.

Materials Supply: The Company provides materials and reagents, clinical materials and services to certain of its collaborators under separate agreements. The consideration for such services is generally based on FTE personnel effort used to manufacture those materials, reimbursed at an agreed upon rate in addition to agreed-upon pricing for the provided materials. The amounts billed are recognized as revenue as the performance obligations are met by the Company.

Revenue subject to governmental withholding taxes is recognized on a gross basis with the withholding taxes recorded as a component of income tax expense.

3. Fair Value Measurements

The following table sets forth the fair value of the Company's financial assets and liabilities measured on a recurring basis by level within the fair value hierarchy:

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
	(in thousands)			
Assets:				
Money market funds	$ 61,187	$ 61,187	$ -	$ -
Commercial paper	23,129	-	23,129	-
Corporate debt securities	31,925	-	31,925	-
Equity securities	34,008	34,008	-	-
Asset-backed securities	8,583	-	8,583	-
U.S. government securities	36,897	36,897	-	-
U.S. agency securities	4,990	-	4,990	-
Supranational debt securities	15,967	-	15,967	-
Total	$ 216,686	$ 132,092	$ 84,594	$ -

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
	(in thousands)			
Assets:				
Money market funds	$ 29,451	$ 29,451	$ -	$ -
Commercial paper	22,580	-	22,580	-
Corporate debt securities	74,861	-	74,861	-
Equity securities	37,181	37,181	-	-
Asset-backed securities	32,957	-	32,957	-
U.S. government securities	47,420	47,420	-	-
Supranational debt securities	21,300	-	21,300	-
Total	$ 265,750	$ 114,052	$ 151,698	$ -

Where applicable, the Company uses quoted market prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments, which are comprised of money market funds, U.S. government securities and the Vaxcyte common stock shares held by the Company.

If quoted prices in active markets for identical assets are not available, then the Company uses quoted prices for similar assets or inputs other than quoted prices that are observable, either directly or indirectly. These investments are included in Level 2 and consist of commercial paper, corporate debt securities, asset-backed securities, U.S. agency securities and supranational debt securities. These assets are valued using market prices when available, adjusting for accretion of the purchase price to face value at maturity.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

In certain cases where there is limited activity or less transparency around inputs to valuation, securities are classified as Level 3 within the valuation hierarchy. As of June 30, 2022 and December 31, 2021, the Company did not hold any securities that were classified as Level 3 within the valuation hierarchy.

Investments in Equity Securities

As of both June 30, 2022 and December 31, 2021, the Company held 1,562,879 shares, respectively, of Vaxcyte common stock with an estimated fair value of $34.0 million and $37.2 million, respectively. Related to Vaxcyte common stock, the Company recognized an unrealized loss of $3.7 million and unrealized gain of $4.3 million for the three months ended June 30, 2022 and 2021, respectively, and unrealized loss of $3.2 million and $6.4 million for the six months ended June 30, 2022 and 2021, respectively.

4. Cash Equivalents and Marketable Securities

Cash equivalents and marketable securities consisted of the following:

	June 30, 2022			
	Amortized Cost Basis	Unrealized Gains	Unrealized (Losses)	Fair Value
	(in thousands)			
Money market funds	$ 61,187	$ -	$ -	$ 61,187
Commercial paper	23,129	-	-	23,129
Corporate debt securities	32,443	-	(518)	31,925
Asset-based securities	8,630	-	(47)	8,583
U.S. government securities	37,462	-	(565)	36,897
U.S. agency securities	4,992	-	(2)	4,990
Supranational debt securities	16,191	-	(224)	15,967
Total	184,034	-	(1,356)	182,678
Less amounts classified as cash equivalents	(70,167)	-	2	(70,165)
Total marketable securities	$ 113,867	$ -	$ (1,354)	$ 112,513

	December 31, 2021			
	Amortized Cost Basis	Unrealized Gains	Unrealized (Losses)	Fair Value
	(in thousands)			
Money market funds	$ 29,451	$ -	$ -	$ 29,451
Commercial paper	22,580	-	-	22,580
Corporate debt securities	75,012	-	(151)	74,861
Asset-based securities	32,975	-	(18)	32,957
U.S. government securities	47,504	-	(84)	47,420
Supranational debt securities	21,361	-	(61)	21,300
Total	228,883	-	(314)	228,569
Less amounts classified as cash equivalents	(29,451)	-	-	(29,451)
Total marketable securities	$ 199,432	$ -	$ (314)	$ 199,118

As of June 30, 2022 and December 31, 2021, zero and $68.8 million, respectively, of marketable securities had maturities of more than one year and less than two years and are classified as non-current assets.

There were $98.4 million and $176.5 million of investments in an unrealized loss position of $1.4 million and $0.3 million as of June 30, 2022 and December 31, 2021, respectively. During the three and six months ended June 30, 2022 and 2021, the Company did not record any other-than-temporary impairment charges on its available-for-sale securities. Based on the Company's procedures under the expected credit loss model, including an assessment of unrealized losses on the portfolio after June 30, 2022 and 2021, the Company concluded that the unrealized losses for its marketable securities were not attributable to credit and therefore an allowance for credit losses for these securities has not been recorded as of June 30, 2022 and 2021. Also, based on the scheduled maturities of the investments, the Company was more likely than not to hold these investments for a period of time sufficient for a recovery of the Company's cost basis.

The Company recognized no material gains or losses on its cash equivalents and current and non-current marketable securities as of June 30, 2022 and December 31, 2021 and as a result, the Company did not reclassify any amounts out of accumulated other comprehensive loss for the period then ended.

5. Collaboration and License Agreements and Supply Agreements

The Company has entered into collaboration and license agreements and supply agreements with various pharmaceutical and biotechnology companies. See "Note 5. Collaboration and License Agreements and Supply Agreements" to the Company's financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2021, or as further described below, for additional information on each of its collaboration agreements.

The Company's accounts receivable balances may contain billed and unbilled amounts from milestones and other contingent payments, as well as reimbursable costs from collaboration and license agreements and supply agreements. The Company performs a regular review of its customers' credit risk and payment histories, including payments made after period end. Historically, the Company has not experienced credit loss from its accounts receivable and, therefore, has not recorded a reserve for estimated credit losses as of June 30, 2022 and December 31, 2021.

In accordance with the collaboration agreements, the Company recognized revenue as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)		(in thousands)	
Bristol Myers Squibb Company ("BMS")	$ 2,266	$ 5,427	$ 4,431	$ 6,666
Merck Sharp & Dohme Corporation ("Merck")	146	19,878	1,210	31,761
Merck KGaA, Darmstadt, Germany (operating in the United States and Canada under the name "EMD Serono")	137	2,375	2,034	2,595
Vaxcyte	547	369	1,318	1,687
Tasly Biopharmaceuticals Co., Ltd. ("Tasly")	25,000	-	25,000	-
Total revenue	$ 28,096	$ 28,049	$ 33,993	$ 42,709

The following table presents the changes in the Company's deferred revenue balance from collaboration agreements during the six months ended June 30, 2022:

	Six Months Ended June 30, 2022 (in thousands)
Deferred revenue—December 31, 2021	$ 5,496
Additions to deferred revenue	93,250
Recognition of revenue in current period	(2,256)
Deferred revenue—June 30, 2022	$ 96,490

The Company's balance of deferred revenue contains an upfront payment, a license option payment, and an advance payment for an obligation from one of our supply agreements which remains partially unsatisfied. The Company expects to recognize approximately $6.5 million of the deferred revenue over the next twelve months.

There have been no material changes to the Company's collaboration agreements in the three and six months ended June 30, 2022, except as described below.

Collaboration with BMS

BMS Agreement

In September 2014, the Company signed a Collaboration and License Agreement (the "BMS Agreement") with BMS to discover and develop bispecific antibodies and/or antibody-drug conjugates ("ADCs"), focused primarily on the field of immuno-oncology, using the Company's proprietary integrated cell-free protein synthesis platform, XpressCF®. In August 2017, the Company entered into an amended and restated collaboration and license agreement with BMS to refocus the collaboration on four programs that were advancing through preclinical development, including an ADC program targeting B cell maturation antigen ("BCMA ADC").

In May 2019, the U.S. Food and Drug Administration cleared the investigational new drug ("IND") application for the BCMA ADC, which was discovered and manufactured by the Company and is the first collaboration program IND. BMS has worldwide development and commercialization rights with respect to the BCMA ADC. The Company will continue to be responsible for clinical supply manufacturing and certain development services for the BCMA ADC and is eligible to receive from BMS aggregate development and regulatory contingent payments of up to $275.0 million, if approved in multiple indications, and tiered royalties ranging from mid to high single digit percentages on worldwide sales of any resulting commercial products.

As of June 30, 2022 and December 31, 2021, there was no deferred revenue related to payments received by the Company under the BMS Agreement.

2018 BMS Master Services Agreement

In March 2018, the Company entered into a Master Development and Clinical Manufacturing Services Agreement (the "2018 BMS Master Services Agreement") with BMS, wherein BMS requested the Company to provide development, manufacturing and supply chain management services, including clinical product supply.

As of June 30, 2022 and December 31, 2021, there was $2.0 million and $0.6 million, respectively, of deferred revenue under the 2018 BMS Master Services Agreement.

Revenues under the BMS Agreement and the 2018 BMS Master Services Agreement were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)		(in thousands)	
Research and development services	$ 240	$ 211	$ 484	$ 513
Materials supply	2,026	5,216	3,947	6,153
Total revenue	$ 2,266	$ 5,427	$ 4,431	$ 6,666

Collaboration with Merck

2018 Merck Agreement

In July 2018, the Company entered into an agreement (the "2018 Merck Agreement") with Merck for access to the Company's technology and the identification and preclinical research and development of two target programs, with an option for Merck to engage the Company to continue these activities for a third program, upon the payment of an additional amount, focusing on cytokine derivatives for cancer and autoimmune disorders, with an initial transaction price of $60.0 million. The option to expand activities to a third program expired in January 2021.

Under ASC 606, the Company determined there was a financing component associated with the $60.0 million upfront payment on the unearned revenue portion beyond one year from the effective date of the agreement, which amount was recognized as interest expense and revenue over the estimated service period for the first and second target programs.

In March 2020, Merck exercised its option to extend the research term of the collaboration's first cytokine-derivative program by one year, which, pursuant to the terms of the 2018 Merck Agreement, triggered a payment of $5.0 million. The $5.0 million was, in prior periods, considered to be a fully constrained variable consideration. Removal of the constraint on this variable consideration resulted in a change to the total transaction price, from $60.0 million to $65.0 million. The Company allocated the updated transaction price to all identified performance obligations on the same basis as the initial allocation upon inception of the 2018 Merck Agreement, with any adjustments recorded as a cumulative catch-up in the current period.

In the second quarter of 2021, the Company earned a $15.0 million contingent payment for the initiation by Merck of the first IND-enabling toxicology study under the first cytokine-derivative program in the collaboration. The $15.0 million was, in prior periods, considered to be a fully constrained variable consideration. Removal of the constraint on this variable consideration resulted in a change to the total transaction price, from $65.0 million to $80.0 million. The Company allocated the updated transaction price to all identified performance obligations on the same basis as the initial allocation upon inception of the 2018 Merck Agreement, with any adjustments recorded as a cumulative catch-up in the period ended December 31, 2021. As a result of the change in transaction price, the Company recognized substantially all of the $15.0 million contingent payment as a cumulative catch-up in revenue in the period ended December 31, 2021, with a

remaining $0.3 million related to the Joint Steering Committee, ("JSC") performance obligation. This remaining $0.3 million related to the JSC performance obligation was recognized in the six-month period ended June 30, 2022.

In September 2021, the Company entered into an amendment to the 2018 Merck Agreement (the “2021 Amendment”) to extend the research term for the first program in the 2018 Merck Agreement to discover and develop novel cytokine derivative therapeutics for cancer and autoimmune disorders. Under the terms of the 2021 Amendment, the Company received a payment of $2.5 million with an additional $7.5 million to be received upon the achievement of certain developmental milestones by Merck on a second molecule under the first cytokine-derivative program of the collaboration. Pursuant to ASC 606, the Company concluded that the 2021 Amendment constitutes a contract modification which is to be accounted for as a separate contract from the 2018 Merck Agreement. From the $2.5 million payment received, $1.9 million was recognized as revenue on a proportion of performance basis in the year ended December 31, 2021, related to the Company’s identified performance obligations under the 2021 Amendment. The remaining $0.6 million was recognized as revenue in the six-month period ended June 30, 2022. During the three months ended June 30, 2022, Merck indicated to the Company that it did not intend to pursue further development of a second molecule under the first cytokine-derivative program of the collaboration and therefore allowed the option to extend the period for nomination of additional clinical candidates under the 2021 Amendment to expire in June 2022.

In December 2021, Merck did not extend the research term for the second research program of the collaboration, which research program reverted to the Company. The first research program of the collaboration is focused on one distinct cytokine derivative molecule for the treatment of cancer. The Company is eligible to receive aggregate contingent payments of up to approximately $0.5 billion for the target program selected by Merck, assuming the development and sale of the therapeutic candidate and all possible indications identified under the collaboration. If one or more products from the target program is developed for non-oncology or a single indication, the Company will be eligible for reduced aggregate contingent payments. In addition, the Company is eligible to receive tiered royalties ranging from mid-single digit to low teen percentages on the worldwide sales of any commercial products that may result from the collaboration.

As of June 30, 2022 and December 31, 2021, there was zero and $0.9 million, respectively, of deferred revenue related to the 2018 Merck Agreement and 2021 Amendment.

2020 Merck Master Services Agreement

In August 2020, the Company entered into a Pre-Clinical and Clinical Supply Agreement (the “2020 Merck Master Services Agreement”) with Merck, wherein Merck requested the Company to provide development, manufacturing and supply chain management services, including clinical product supply, upon completion of the research programs under the 2018 Merck Agreement.

As of both June 30, 2022 and December 31, 2021, there was no deferred revenue under the 2020 Merck Master Services Agreement.

Revenues under the 2018 Merck Agreement and the 2020 Merck Master Services Agreement were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)		(in thousands)	
Ongoing performance related to unsatisfied performance obligations	$ -	$ 18,322	$ 862	$ 27,383
Research and development services	93	705	266	1,909
Financing component on unearned revenue	-	181	-	412
Materials supply	53	670	82	2,057
Total revenue	$ 146	$ 19,878	$ 1,210	$ 31,761

Collaboration with EMD Serono

EMD Serono Agreements

The Company signed a Collaboration Agreement and a License Agreement with EMD Serono in May 2014 and September 2014, respectively, which were entered into in contemplation of each other and therefore treated as a single agreement for accounting purposes. The Collaboration Agreement was subsumed into the License Agreement (the “MDA Agreement”), which agreement is to develop ADCs for multiple cancer targets. Under the MDA Agreement, a novel bispecific ADC product candidate targeting EGFR and MUC1, known as M1231, is undergoing development.

The Company is eligible to receive up to $52.5 million for M1231 under the MDA Agreement, primarily from pre-commercial contingent payments. Relatedly, the Company earned a $2.0 million contingent payment in the second quarter of 2021 related to a patient enrollment achievement in the Phase 1 dose escalation portion of a study of M1231. In August 2020, the Company earned a $1.0 million clinical supply milestone payment under the MDA Agreement. In September 2019, the Company earned a $1.5 million contingent payment under the MDA Agreement upon designation by EMD Serono of a specific bispecific antibody drug conjugate as a clinical development candidate with their approval to advance it to IND-enabling studies. In addition, the Company is eligible to receive tiered royalties ranging from low-to-mid single digit percentages, along with certain additional one-time royalties, on worldwide sales of any commercial products that may result from the MDA Agreement.

As of both June 30, 2022 and December 31, 2021, there was no deferred revenue related to payments received by the Company under the MDA Agreement.

2019 EMD Serono Supply Agreement

In April 2019, the Company entered into an ADC Product Preclinical and Phase I Clinical Supply Agreement (the "2019 EMD Serono Supply Agreement") with EMD Serono, wherein EMD Serono requested the Company to provide development, manufacturing and supply chain management services, including clinical product supply.

As of June 30, 2022 and December 31, 2021, there was $0.5 million and zero deferred revenue, respectively, related to payments received by the Company under the 2019 EMD Serono Supply Agreement.

Revenues under the EMD Serono agreements were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)		(in thousands)	
Contingent payment earned	$ -	$ 2,000	$ -	$ 2,000
Research and development services	132	126	416	289
Materials supply	5	249	1,618	306
Total revenue	$ 137	$ 2,375	$ 2,034	$ 2,595

Vaxcyte Supply Agreement

In May 2018, the Company entered into a Supply Agreement (the "Supply Agreement") with Vaxcyte, wherein Vaxcyte engaged the Company to provide research and development services and to supply extracts and custom reagents, as requested by Vaxcyte. The pricing is based on an agreed upon cost-plus arrangement.

During 2020, upon Vaxcyte's request and their agreement to reimburse the related costs, the Company entered into agreements with third-party contract manufacturers ("CMOs") to conduct process transfers to allow for such CMOs to manufacture and supply extract and custom reagents for Vaxcyte.

For the three and six months ended June 30, 2022, the agreed-upon reimbursements by Vaxcyte of the costs associated with such arrangements, principally for pass-through costs from the CMOs, were $3.8 million and $6.2 million, respectively and were accounted for by the Company as a reduction to research and development expense based on the Company's conclusion that Vaxcyte was not a customer for such activities and associated payments.

For the three and six months ended June 30, 2021, the agreed-upon reimbursements by Vaxcyte of the costs associated with such arrangements, principally for pass-through costs from the CMOs, were $0.7 million and $1.0 million, respectively.

Revenues under the Vaxcyte Supply Agreement were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)		(in thousands)	
Research and development services	$ 542	$ 264	$ 1,143	$ 469
Materials supply	5	105	175	1,218
Total revenue	$ 547	$ 369	$ 1,318	$ 1,687

BioNova Option Agreement

In October 2021, the Company entered into an agreement with BioNova Pharmaceuticals, Ltd. (“BioNova”) granting BioNova the option to obtain exclusive rights to develop and commercialize STRO-001 in China, Hong Kong, Macau and Taiwan (“Greater China”). BioNova will pursue the clinical development, regulatory approval, and commercialization of STRO-001 in multiple indications, including non-Hodgkin's lymphoma, multiple myeloma, and leukemia in the licensed territory. The Company will retain development and commercial rights of STRO-001 globally outside of Greater China, including the United States.

Under the BioNova Option Agreement, BioNova paid the Company an initial licensing option payment of $4.0 million, with potential payments totaling up to $200 million related to option exercise, development, regulatory, and commercial milestones. The Company will provide STRO-001 to BioNova under appropriate clinical and commercial supply service agreements. Upon commercialization, the Company is eligible to receive tiered royalties ranging from low- to mid-teen percentages based on annual net sales of STRO-001 in Greater China for at least ten years following the first commercial sale of STRO-001 in Greater China.

The Company identified a combined performance obligation under the initial license option agreement, which consists of four interrelated promises: generating a recommended dose of STRO-001 for multiple myeloma and Non-Hodgkin’s lymphoma; providing licensed know-how and regulatory filings necessary to prepare an IND; providing initial clinical supply in the People’s Republic of China; and participating in the JSC. These promises are considered to be interdependent and not distinct from each other, representing a combined output. The transaction price at inception included the refundable payment of $4.0 million and was considered constrained at the inception of the agreement since the Company could not conclude it was probable that a significant reversal in the amount of revenue recognized would not occur. BioNova will have the right to exercise the license option for an additional payment of $12.0 million. As of June 30, 2022, there was $4.0 million of deferred revenue related to the payment received by the Company under the BioNova Option Agreement and BioNova had not yet exercised the license option.

Tasly License Agreement

In December 2021, the Company entered into a license agreement with Tasly to grant Tasly an exclusive license to develop and commercialize STRO-002 in Greater China (the “Tasly License Agreement”). Tasly will pursue the clinical development, regulatory approval, and commercialization of STRO-002 in multiple indications, including ovarian cancer, non-small cell lung cancer, triple-negative breast cancer, and other indications in Greater China. The Company will retain development and commercial rights of STRO-002 globally outside of Greater China, including the United States.

Under the Tasly License Agreement, Tasly was obligated to make to the Company an initial nonrefundable upfront payment of $40.0 million, with additional potential payments totaling up to $345 million related to development, regulatory and commercialization contingent payments and milestones. The Company will provide STRO-002 to Tasly under appropriate clinical and commercial supply service agreements. Upon commercialization, the Company will receive tiered royalties, ranging from low- to mid-teen percentages based on annual net sales of STRO-002 in Greater China for at least ten years following the first commercial sale of STRO-002 in Greater China.

The Company determined that the Tasly License Agreement falls within the scope of ASC 808, as both parties are active participants in the activities and are exposed to significant risks and rewards dependent on the success of the commercialization of indications for STRO-002 in Greater China. The Company concluded that the Tasly License Agreement contained the following units of account: i) licensed know-how and Sutro patents, license to trademark rights, and initial regulatory data and information necessary to prepare an IND; and ii) collaboration governance and information sharing activities, such as JSC participation and ongoing regulatory and pharmacovigilance support.

The promises related to the licensed know-how and Sutro patents, license to trademark rights, and initial regulatory data and information necessary to prepare an IND are considered to be interdependent and not distinct from each other, representing a combined output. The Company determined that these promises are capable of being distinct from the

collaboration governance and information sharing activities discussed below and further determined that this unit of account is a vendor-customer relationship and will account for it in accordance with ASC 606. The transaction price at inception included fixed consideration consisting of the upfront payment of $40.0 million. All potential future milestones and other payments were considered constrained at the inception of the Tasly License Agreement since the Company could not conclude it was probable that a significant reversal in the amount of revenue recognized would not occur. Since there is only one performance obligation accounted for under ASC 606, no allocation of the transaction price was necessary.

The Company determined that the unit of account consisting of collaboration governance and information sharing activities, such as JSC participation and ongoing regulatory and pharmacovigilance support, do not represent a customer-vendor relationship between the Company and Tasly. These promises are considered to be interdependent and not distinct from each other, representing a combined output. However, the Company determined that these promises are capable of being distinct from the intellectual property and data license promises discussed above. As such, based on the nature of the agreement and collaborative activities, the Company determined that the costs associated with these governance and information sharing activities performed under the agreement will be included in research and development expenses in the condensed Statements of Operations, with any reimbursement of costs by Tasly reflected as a reduction of such expenses. During the three and six months ended June 30, 2022, the Company did not recognize a reduction of research and development expenses under the Tasly License Agreement.

On December 24, 2021, the effective date of the Tasly License Agreement, the Company satisfied its only performance obligation related to the $40.0 million upfront payment by delivering to Tasly the license, know-how and data required under the Tasly License Agreement. Following the satisfaction of such performance obligation, under the Tasly License Agreement, Tasly was obligated to pay the Company the $40.0 million upfront payment. In February 2022, Tasly indicated to the Company that it would like to discuss and renegotiate the terms of the Tasly License Agreement. As any renegotiation could affect the amount and timing of Tasly's obligations under the terms of the Tasly License Agreement, including the upfront payment, the Company concluded that it would not recognize the $40.0 million upfront payment as revenue as of December 31, 2021.

In April 2022, the Company entered into amendment No. 1 (the "Tasly Amendment") to the Tasly License Agreement with Tasly. Pursuant to the Tasly Amendment, the initial nonrefundable upfront payment due by Tasly was amended to $25.0 million, and a $15.0 million payment will be placed in escrow by Tasly in the second half of 2022 and become payable to the Company upon the achievement of certain regulatory milestones. The Tasly Amendment also added an additional regulatory milestone payment to the Tasly License Agreement, providing additional potential payments totaling up to $350.0 million related to development, regulatory and commercialization milestones, beyond the payments described above, and made certain other ministerial edits.

During the three and six months ended June 30, 2022, the Company recognized the $25.0 million upfront payment as revenue after the payment, net of a withholding tax, was received by the Company from Tasly in the three months ended June 30, 2022. The withholding tax of $2.5 million was recorded as an income tax charge related to the upfront payment.

Astellas License and Collaboration Agreement

In June 2022, the Company entered into a License and Collaboration Agreement (the "Astellas Agreement") with Astellas Pharma Inc. ("Astellas") for the development of immunostimulatory antibody-drug conjugates for up to three biological targets, to be identified by Astellas. The Company will conduct research and pre-clinical development of any compound (as designated by Astellas) in each of the three programs in accordance with the terms of a research plan between the Company and Astellas. Astellas will have an exclusive worldwide license to develop and commercialize any such designated compound, subject to the Company's rights to participate in cost and profit sharing in the United States, as described below.

Pursuant to the Astellas Agreement, the Company will receive from Astellas a one-time, nonrefundable, non-creditable, upfront payment of $90.0 million. Under ASC 808 and ASC 606, the Company determined that both parties are active participants in the activities and are exposed to significant risks and rewards dependent on the success of the development program, and identified four performance obligations under the Astellas Agreement as: (1) performance of services related to the first target program; (2) performance of services related to the second target program; (3) performance of services related to the third target program; and (4) the Company's estimated future services on the collaboration JSC. The transaction price of $90.0 million will be allocated among the performance obligations using the Company's best estimate of the standalone selling price, or SSP, for each of the associated performance obligations. Revenue to be allocated to the three target programs will be recognized on a proportion of performance basis, using the FTE cost as the basis of measurement, with such performance expected to occur over an estimated service period of four years for each target program. As it pertains to the JSC performance obligation, the revenue to be allocated to such will be recognized on a proportion of performance basis using FTE cost as the basis, and such effort is expected to be incurred on a relatively consistent basis throughout the term of the Astellas Agreement. The Company will allocate the

transaction price to the four performance obligations upon completion of a forecasted FTE model to be used as a basis of measurement over the term of the Astellas Agreement. Further, under ASC 606, the Company determined a financing component associated with the $90.0 million upfront payment on the unearned revenue portion beyond one year from the effective date of the agreement, which amount will be recognized as interest expense and revenue over the estimated service period for the three target programs. There was no work performed related to the Astellas Agreement, and no revenue recognized related to the Astellas Agreement, for the three and six months ended June 30, 2022.

The Company is also eligible to receive up to $422.5 million in development, regulatory and commercial milestones for each product candidate, and tiered royalties ranging from low double-digit to mid-teen percentages on worldwide sales of any commercial products that may result from the collaboration, subject to customary deductions under certain circumstances. The Company can also elect to convert any product candidate into a cost and profit-sharing arrangement, for the United States only. In the event that the Company makes such election, it will share commercialization costs and profits relating to such product candidate equally with Astellas in the United States, and no royalties will be due from Astellas for net sales of such product candidates in the United States.

The Astellas Agreement contains customary provisions for termination, including by Astellas for convenience upon 30 days' written notice and by either party for cause, including for material breach (subject to cure). The Company has certain reversion rights as to product candidates in connection with certain termination events.

As of June 30, 2022, there was $90.0 million of deferred revenue related to the upfront payment receivable by the Company under the Astellas Agreement.

6. Loan and Security Agreement

The Company entered into a Loan and Security Agreement with Oxford Finance LLC ("Oxford") and Silicon Valley Bank ("SVB") in February 2020 (the "LSA"). See "Note 7. Loan and Security Agreement" to the Company's Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2021, or as further described below, for additional information.

In June 2022, the Company entered into an amendment to the LSA with Oxford and SVB (the "LSA Amendment"). The LSA Amendment added a financial covenant that requires the Company to maintain a minimum unrestricted cash balance of $10.0 million. The Company was in compliance with the financial covenant under the LSA Amendment as of June 30, 2022.

In connection with entering into the LSA in February 2020, the Company issued to the lenders warrants exercisable for 81,257 shares of the Company's common stock (the "2020 Warrants"). The 2020 Warrants are exercisable in whole or in part, immediately, and have a per share exercise price of $9.23, which was the closing price of the Company's common stock reported on the Nasdaq Global Market on the day prior to the effective date of the LSA. The 2020 Warrants will terminate on the earlier of February 28, 2030 or the closing of certain merger or consolidation transactions. The estimated fair value upon issuance of the Warrants of $0.6 million was recorded as a debt discount on the associated borrowings on the Company's balance sheet. The debt discount is being amortized to interest expense over the expected repayment period of the loan using the effective-interest method.

As of June 30, 2022, the Company has classified $12.5 million of the outstanding debt balance as current and $9.8 million as non-current, which reflects the scheduled repayment terms under the February 2020 LSA.

As of June 30, 2022 and December 31, 2021, accrued interest expense was $0.1 million and $0.2 million, respectively.

During the three and six months ended June 30, 2022, the Company recorded interest expense related to loans outstanding of $0.6 million and $1.3 million, respectively, with average interest rates of 8.07% for both periods, and interest related to the accretion of debt discount of $0.1 million and $0.3 million, respectively. During the three and six months ended June 30, 2021, the Company recorded interest expense related to loans outstanding of $0.6 million and $1.3 million, respectively, with average interest rates of 8.07% in both periods, and interest related to the accretion of debt discount of $0.1 million and $0.3 million, respectively.

7. Commitments and Contingencies

Leases

The Company leases certain office, laboratory and manufacturing facilities in South San Francisco, California and San Carlos, California. These leases require monthly lease payments that may be subject to annual increases throughout the lease term. Certain of these leases also include renewal options at the election of the Company to renew or extend the lease for an additional 5 years. These renewal options have not been considered in the determination of the right-of-use assets and lease liabilities associated with these leases as the Company has determined it is not reasonably certain it will exercise such options.

The Company recognizes rent expense for these operating leases on a straight-line basis over the lease period. The components of lease costs, which the Company includes in operating expenses in the condensed Statements of Operations, were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Operating lease cost	$ 1,538	$ 2,016	$ 3,076	$ 4,031
Short-term lease cost	20	11	41	52
Variable lease cost	430	378	854	758
Total lease costs	$ 1,988	$ 2,405	$ 3,971	$ 4,841

During the three and six months ended June 30, 2022, the Company recorded operating lease expense of $1.5 million and $3.1 million, respectively. As of June 30, 2022, the Company paid $0.8 million of operating lease payments related to the lease liabilities, which the Company includes in net cash used in operating activities in the condensed Statements of Cash Flows.

During the three and six months ended June 30, 2021, the Company recorded operating lease expense of $2.0 million and $4.0 million, respectively. As of June 30, 2021, the Company paid $2.4 million, of operating lease payments related to the lease liabilities, which the Company includes in net cash used in operating activities in the condensed Statements of Cash Flows.

As of June 30, 2022 and December 31, 2021, the weighted-average remaining lease term was 5.3 years and 5.7 years, respectively, and the weighted-average discount rate used to determine the operating lease liability was 10.8% for both periods.

As of June 30, 2022, the maturities of the Company's operating lease liabilities were as follows (in thousands):

Year Ending December 31,	Amount (in thousands)
Remaining in 2022	$ 833
2023	8,002
2024	9,219
2025	9,533
2026	8,994
Thereafter	8,289
Total lease payments	44,870
Less: imputed interest	(11,681)
Operating lease liabilities	33,189
Less: current portion	(1,120)
Total lease liabilities, non-current	$ 32,069

Indemnification & Other

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

In addition, the Company enters into agreements in the normal course of business, including with contract research organizations for clinical trials, contract manufacturing organizations for certain manufacturing services, and vendors for preclinical studies and other services and products for operating purposes, which are generally cancelable upon written notice.

8. Stockholders' Equity

Common Stock

Holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders of the Company.

The Company has reserved common stock, on an if-converted basis, for issuance as follows:

	June 30, 2022	December 31, 2021
Common stock options issued and outstanding	7,507,431	6,512,086
Common stock awards issued and outstanding	3,737,945	2,403,826
Remaining shares reserved for issuance under 2018 Equity Incentive Plan and 2021 Equity Inducement Plan	975,238	1,504,641
Shares reserved for issuance under 2018 Employee Stock Purchase Plan	990,346	673,251
Warrants to purchase common stock	127,616	127,616
Total	13,338,576	11,221,420

Preferred Stock

As of June 30, 2022 and December 31, 2021, the Company had 10,000,000 shares of preferred stock authorized with a par value of $0.001 per share. No shares of preferred stock were outstanding as of June 30, 2022 and December 31, 2021.

Warrants

In August 2017, the Company issued warrants to Oxford and SVB to purchase an aggregate of 682,230 shares of Series D-2 redeemable convertible preferred stock at an exercise price of $0.6596 per share in connection with the issuance of a loan in August 2017. If there was a subsequent convertible preferred stock or other senior equity securities financing with a per share price less than the Series D-2 redeemable convertible preferred per share price, then the warrant would automatically convert to a warrant to purchase such class of shares, based on the per share price of such equity. Given that the price per share of the Series E redeemable convertible preferred stock was less than the price per share of the Series D-2 redeemable convertible preferred stock, the 2017 Warrant converted into a warrant to purchase a total of 1,682,871 shares of Series E redeemable convertible preferred stock at an exercise price of $0.2674 per share. The warrant is exercisable from the original date of issuance and has a 10-year term.

The Company adjusted the warrant liability for changes in fair value until the completion of its IPO on October 1, 2018, at which time certain convertible preferred stock warrants were converted into warrants for the purchase of common stock and the related convertible preferred stock warrant liability was reclassified to additional paid-in capital and others expired. On October 1, 2018, 1,232,220 shares of the Series C redeemable convertible preferred warrants were canceled, and the remaining 687,928 shares were converted on a 1-for-0.0370 basis to warrants to purchase 25,453 shares of common

stock. In November 2021, this common stock warrant was fully net exercised into 9,308 shares of common stock. All Series E redeemable convertible preferred warrants were converted on a 1-for-0.0275 basis to warrants to purchase 46,359 shares of common stock.

In February 2020, in connection with entering into the LSA, the Company issued to Oxford and SVB the 2020 Warrants, which are exercisable for 54,171 shares and 27,086 shares, respectively, of the Company's common stock. The 2020 Warrants are exercisable in whole or in part, immediately, and have a per share exercise price of $9.23, which is the closing price of the Company's common stock reported on the Nasdaq Global Market on the day prior to the effective date of the February 2020 loan and security agreement. The 2020 Warrants will terminate on the earlier of February 28, 2030 or the closing of certain merger or consolidation transactions.

9. Equity Incentive Plans, Employee Stock Purchase Plan and Stock-Based Compensation

2004 Equity Incentive Plan, 2018 Equity Incentive Plan and 2021 Equity Inducement Plan

In September 2018, the Company adopted the 2018 Equity Incentive Plan ("2018 Plan"), which became effective on September 25, 2018. As a result, the Company will not grant any additional awards under the 2004 Equity Incentive Plan ("2004 Plan"). The terms of the 2004 Plan and applicable award agreements will continue to govern any outstanding awards thereunder. In addition to the shares of common stock reserved for future issuance under the 2004 Plan that were added to the 2018 Plan upon its effective date, the Company initially reserved 2,300,000 shares of common stock for issuance under the 2018 Plan. In addition, the number of shares of common stock reserved for issuance under the 2018 Plan will automatically increase on the first day of January for a period of up to ten years, commencing on January 1, 2019, in an amount equal to 5% of the total number of shares of the Company's capital stock outstanding on the last day of the preceding year (rounded to the nearest whole share), or a lesser number of shares determined by the Company's board of directors. As a result, common stock reserved for issuance under the 2018 Plan was increased by 2,316,303 shares on January 1, 2022.

In August 2021, the Company adopted the 2021 Equity Inducement Plan ("2021 Plan"), which became effective on August 4, 2021. Upon its effective date, the Company initially reserved 750,000 shares of common stock for issuance pursuant to non-qualified stock options and restricted stock units ("RSUs") under the 2021 Plan. In accordance with Rule 5635(c)(4) of the Nasdaq listing rules, equity awards under the 2021 Plan may only be made to an employee if he or she is granted such equity awards in connection with his or her commencement of employment with the Company and such grant is an inducement material to his or her entering into employment with the Company or such subsidiary. In addition, awards under the 2021 Plan may only be made to employees who have not previously been an employee or member of the Board (or any parent or subsidiary of the Company) or following a bona fide period of non-employment of the employee by the Company (or a parent or subsidiary of the Company). At all times the Company will reserve and keep available a sufficient number of shares as will be required to satisfy the requirements of all outstanding awards granted under the 2021 Plan.

As of June 30, 2022, the Company had a total of 975,238 shares available for grant under the 2018 Plan and the 2021 Plan.

The following table summarizes option activity under the Company's 2004 Plan, 2018 Plan and 2021 Plan:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contract Term (Years)	Aggregate Intrinsic Value (in thousands)
Stock options outstanding at December 31, 2021	6,512,086	$ 13.86	7.39	$ 14,955
Granted	1,302,500	$ 7.17		
Exercised	(32,795)	$ 5.56		
Canceled and forfeited	(274,360)	$ 14.79		
Stock options outstanding at June 30, 2022	7,507,431	$ 12.70	7.40	$ 252
Stock options exercisable at June 30, 2022	4,524,709	$ 13.13	6.48	$ 10

The aggregate intrinsic value was calculated as the difference between the exercise prices of the underlying stock option awards and the estimated fair value of the Company's common stock on the date of exercise. For the three and six months ended June 30, 2022, the aggregate intrinsic value of stock options exercised was immaterial and $0.1 million, respectively, determined at the date of the option exercise. For the three and six months ended June 30, 2021, the aggregate intrinsic value of stock options exercised was $0.3 million and $2.2 million, respectively, determined at the date of the option exercise.

Employee Stock Options Valuation

For determining stock-based compensation expense, the fair-value-based measurement of each employee stock option was estimated as of the date of grant using the Black-Scholes option-pricing model with assumptions as follows:

	Six Months Ended June 30,	
	2022	2021
Expected term (in years)	5.3-6.1	5.3-6.1
Expected volatility	81.8%-83.4%	84.6%-84.9%
Risk-free interest rate	1.7%-3.4%	0.6%-1.1%
Expected dividend	–	–

Using the Black-Scholes option-valuation model, the weighted-average estimated grant-date fair value of employee stock options granted during the three and six months ended June 30, 2022 was $3.67 and $5.02 per share, respectively, and during the three and six months ended June 30, 2021 was $12.84 and $14.71 per share, respectively.

Restricted Stock Units

During the six months ended June 30, 2022, the Company granted 2,083,500 shares of restricted common stock units (“RSUs”) to certain employees. These RSUs vest annually and will become fully vested over four years.

A summary of the status and activity of non-vested RSUs during the six months ended June 30, 2022 is as follows:

	Number of shares		Weighted Average Grant-Date Fair Value
Non-vested December 31, 2021	2,403,826	$	18.43
Granted	2,083,500		7.85
Vested and released	(497,106)		17.75
Canceled and forfeited	(252,275)		15.57
Non-vested June 30, 2022	3,737,945	$	12.82

2018 Employee Stock Purchase Plan

In September 2018, the Company adopted the 2018 Employee Stock Purchase Plan (“ESPP”), which became effective on September 26, 2018, in order to enable eligible employees to purchase shares of the Company’s common stock. The Company initially reserved 230,000 shares of common stock for sale under the ESPP. The aggregate number of shares reserved for sale under the ESPP will automatically increase on the first day of January for a period of up to ten years, commencing on January 1, 2019, in an amount equal to 1% of the total number of shares of the Company’s capital stock outstanding on the last day of the preceding year (rounded to the nearest whole share), or a lesser number of shares determined by the Company’s board of directors. As a result, common stock reserved for issuance under the ESPP was increased by 463,260 shares on January 1, 2022. The aggregate number of shares issued over the term of the Company’s ESPP, subject to stock-splits, recapitalizations or similar events, may not exceed 2,300,000 shares of the Company’s common stock.

The fair value of the ESPP shares is estimated using the Black-Scholes option pricing model. For the six months ended June 30, 2022 and 2021, the fair value of ESPP shares was estimated using the following assumptions:

	Six Months Ended June 30,	
	2022	2021
Expected term (in years)	0.5	0.5
Expected volatility	65.9%-66.3%	72.5%-111.4%
Risk-free interest rate	0.1%-0.9%	0.1 %
Expected dividend	–	–

As of June 30, 2022, 619,905 shares had been purchased and 990,346 shares were available for future issuance under the ESPP.

Stock-Based Compensation Expense

The Company believes that the fair value of the stock options, RSUs and ESPP shares is more reliably measurable than the fair value of services received.

Total stock-based compensation expense recognized was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)		(in thousands)	
Research and development expense:	$ 2,271	$ 1,845	$ 4,884	$ 2,949
General and administrative expense:	4,425	4,062	8,786	6,910
Total	$ 6,696	$ 5,907	$ 13,670	$ 9,859

As of June 30, 2022, unrecognized stock-based compensation expense related to the unvested stock options and RSUs granted was $22.1 million and $42.1 million, respectively. The remaining unrecognized compensation cost is expected to be recognized over a weighted-average period of 2.5 years and 3.0 years, respectively. As of June 30, 2022, there was $0.2 million of unrecognized stock-based compensation expense related to the ESPP.

As of June 30, 2021, unrecognized stock-based compensation expense related to the unvested stock options and RSUs granted was $27.5 million and $32.5 million, respectively. The remaining unrecognized compensation cost is expected to be recognized over a weighted-average period of 2.6 years and 3.5 years, respectively. As of June 30, 2021, there is $0.1 million of unrecognized stock-based compensation expense related to the ESPP.

10. Provision for Income Taxes

The Company recorded a foreign income tax charge of $2.5 million during the three and six months ended June 30, 2022, due to a withholding tax in China on its license revenue from Tasly. The Company has established a full valuation allowance against its net deferred tax assets due to the uncertainty surrounding the realization of such assets. All losses to date have been incurred domestically.

11. Net Loss Per Share

The following table sets forth the computation of the Company's basic and diluted net loss per share.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands, except share and per share amounts)			
Numerator:				
Net loss	$ (26,012)	$ (6,152)	$ (65,122)	$ (36,511)
Denominator:				
Shares used in computing net loss per share	46,957,196	46,116,175	46,729,663	46,007,892
Net loss per share, basic and diluted	$ (0.55)	$ (0.13)	$ (1.39)	$ (0.79)

The following common stock equivalents were excluded from the computation of diluted net loss per share for the period ended June 30, 2022 and 2021, because including them would have been antidilutive:

	As of June 30,	
	2022	2021
Common stock options issued and outstanding	7,507,431	6,250,931
Restricted stock units issued and outstanding	3,737,945	1,988,426
Warrants to purchase common stock	127,616	153,070
Employee stock purchase plan	158,299	36,902
Total	11,531,291	8,429,329

12. Subsequent Events

The Company sold 3,518,619 shares of its common stock under its ATM Facility pursuant to the Sales Agreement with Jefferies during the period from July 1, 2022 through August 5, 2022. Net proceeds were $19.9 million, after deducting issuance costs.

On July 26, 2022, the Company announced that the first patient had been dosed in a Phase 1 study of an investigational candidate resulting from the 2018 Merck Agreement for the development of a novel cytokine derivative therapeutic for the treatment of cancer. As a result of this milestone, Sutro will receive a $10.0 million payment from Merck.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion of our financial condition and results of operations in conjunction with our condensed financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2021. In addition to historical financial information, this discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties, such as statements of our plans, objectives, expectations, intentions and belief. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the section titled "Risk Factors" under Part II, Item 1A below. These forward-looking statements may include, but are not limited to, statements related to our expectations regarding the potential impacts of the COVID-19 pandemic on our business, financial condition, and results of operations, our future results of operations and financial position, business strategy, market size, potential growth opportunities, preclinical and clinical development activities, efficacy and safety profile of our product candidates, use of net proceeds from our public offerings, our ability to maintain and recognize the benefits of certain designations received by product candidates, the timing and results of preclinical studies and clinical trials, commercial collaborations with third parties and the receipt and timing of potential regulatory designations, approvals and commercialization of product candidates. The words "believe," "may," "will," "potentially," "estimate," "continue," "anticipate," "predict," "target," "intend," "could," "would," "should," "project," "plan," "expect," and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q 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.

Overview

We are a clinical-stage oncology company developing site-specific and novel-format antibody drug conjugates, or ADCs, enabled by our proprietary integrated cell-free protein synthesis platform, XpressCF®, and our site specific conjugation platform, XpressCF+®. We aim to design and develop the most relevant and potent modalities, including ADCs, bispecific ADCs, immunostimulatory ADCs, or iADCs, cytokine-based therapeutics, and bispecific antibodies, that are directed primarily against clinically validated targets where the current standard of care is suboptimal. We believe our platform allows us to accelerate the discovery and development of potential first-in-class and best-in-class molecules by enabling the rapid and systematic evaluation of protein structure-activity relationships to create optimized homogeneous product candidates. Our mission is to transform the lives of patients by using our XpressCF® and XpressCF+® platforms to create medicines with improved therapeutic profiles for areas of unmet need.

Once identified, production of protein drug candidates can be rapidly and predictably scaled in our current Good Manufacturing Practices compliant manufacturing facility. We have the ability to manufacture our cell-free extract that supports our production of proteins on a large scale using a semi-continuous fermentation process. Our two most advanced product candidates are wholly owned: STRO-002, an ADC directed against folate receptor-alpha, or FolRα, for patients with FolRα-expressing cancers, such as ovarian and endometrial cancers, and STRO-001, an ADC directed against CD74, for patients with B-cell malignancies, such as multiple myeloma and non-Hodgkin lymphoma, or NHL.

STRO-002 was designed and optimized for an improved therapeutic index by placing a precise number of linker-warheads at four specific locations within the antibody using our proprietary XpressCF+® platform. Our first Phase 1 trial for STRO-002 is an open-label study evaluating STRO-002 as a monotherapy for patients with ovarian and endometrial cancers. This trial is being conducted in two-parts, dose escalation and dose expansion. The primary objectives of the STRO-002 clinical trial are to determine the safety and tolerability profile, to define the recommended Phase 2 dose level and interval and to evaluate preliminary anti-tumor activity. Our secondary objectives are to characterize the human pharmacokinetics and additional safety, tolerability and efficacy measures.

We are developing STRO-001, an optimally designed ADC directed against the cancer target CD74, for multiple myeloma and NHL. STRO-001 was designed and optimized for maximal therapeutic index by placing linker-warheads at specific locations within the antibody using our proprietary XpressCF+® platform. The Phase 1 trial for STRO-001 is an open-label study that is evaluating STRO-001 as a monotherapy for patients with multiple myeloma and NHL. The trial is being conducted in two parts: dose escalation and dose expansion. The primary objectives of the trial are to determine the safety and tolerability profile of STRO-001, determine the recommended Phase 2 dose and interval and evaluate preliminary anti-tumor activity. The secondary objectives are to characterize the human pharmacokinetics of STRO-001 and additional safety, tolerability and efficacy measures.

In March 2019, STRO-002 began enrolling patients in a Phase 1 trial focused on ovarian and endometrial cancers. The dose escalation portion of the STRO-002 Phase 1 trial has been completed and the dose expansion portion of the trial is ongoing to assess the efficacy, safety and tolerability of STRO-002 at dose levels of 4.3 and 5.2 mg/kg. In May 2021, we reported data from the dose-escalation cohort. Based on such reported data, STRO-002 exhibited a manageable safety profile and promising preliminary efficacy data. In January 2022, we released initial results of the dose expansion portion of the STRO-002 Phase 1 trial. These data suggested that STRO-002 exhibited a manageable safety profile together with promising preliminary efficacy data in the tested patient population. In August 2021, we were granted Fast Track designation for STRO-002 by the U.S. Food and Drug Administration, or FDA for the treatment of patients with platinum-resistant epithelial ovarian, fallopian tube, or primary peritoneal cancer who have received one to three prior lines of systemic therapy. We have initiated discussions with the FDA regarding an appropriate trial design for a registration-directed trial of STRO-002 to potentially support an accelerated approval; however, whether any trial is sufficient to receive FDA approval under the accelerated approval pathway will depend on the safety and efficacy results of such trial and will only be determined by the FDA upon review of a submitted biologics license application, or BLA. In December 2021, we entered into a licensing agreement with Tasly Biopharmaceuticals Co., Ltd, or Tasly, to grant Tasly an exclusive license to develop and commercialize STRO-002 in China, Hong Kong, Macau and Taiwan, referred to as Greater China, or the Tasly License Agreement, which agreement was amended in April 2022, or the Amendment. Pursuant to the Amendment, the initial nonrefundable upfront payment due from Tasly was amended to $25.0 million, and a $15.0 million payment will be placed in escrow by Tasly in the second half of 2022 and become payable to us upon achievement of certain regulatory milestones. The Amendment also added an additional regulatory milestone payment to the Tasly License Agreement, providing additional potential payments totaling up to $350.0 million related to development, regulatory and commercialization milestones, beyond the payments described above, and made certain other ministerial edits.

Our second candidate, STRO-001, is currently enrolling patients in a Phase 1 trial, with updated data reported in December 2020. Based on such reported data, STRO-001 has been generally well-tolerated and, unlike certain other ADCs, no ocular toxicity signals have been observed, with no patients receiving prophylactic corticosteroid eye drops. Dose escalation in the STRO-001 Phase 1 trial is continuing, and the maximum tolerated dose has not yet been reached. In October 2018, we were granted Orphan Drug Designation by the FDA for STRO-001 for the treatment of multiple myeloma. In October 2021, we granted BioNova Pharmaceuticals Limited, or BioNova, an option to exclusively license the right to develop and commercialize STRO-001 in Greater China, or the BioNova Option Agreement.

Based on our proprietary XpressCF® and XpressCF+® platforms, we have also entered into multi-target, product-focused collaborations with leaders in the field of oncology, including an immunostimulatory antibody-drug conjugates collaboration with Astellas Pharma Inc., or Astellas, a cytokine derivatives collaboration with Merck Sharp & Dohme Corp., a subsidiary of Merck & Co., Inc., Kenilworth, NJ, or Merck; a B Cell Maturation Antigen, or BCMA, ADC collaboration with Celgene Corporation, or Celgene, a wholly owned subsidiary of Bristol Myers Squibb Company, New York, NY, or BMS; a MUC1-EGFR ADC collaboration with Merck KGaA, Darmstadt Germany (operating in the United States and Canada under the name “EMD Serono”); BioNova; and Tasly. Our XpressCF® and XpressCF+® platforms have also supported a spin-out company, Vaxcyte Inc., or Vaxcyte, focused on discovery and development of vaccines for the treatment and prophylaxis of infectious disease.

Since the commencement of our operations, we have devoted substantially all of our resources to performing research and development and manufacturing activities in support of our own product development efforts and those of our collaborators, raising capital to support and expand such activities and providing general and administrative support for these operations. We have funded our operations to date primarily from upfront, milestone and other payments under our collaboration agreements with BMS, Merck, EMD Serono, BioNova and Tasly, the issuance and sale of redeemable convertible preferred stock, our initial public offering, or IPO, follow-on public offerings of common stock and debt proceeds.

We do not have any products approved for commercial sale and have not generated any revenue from commercial product sales. We had a loss from operations of $58.5 million and a net loss of $65.1 million for the six months ended June 30, 2022, which net loss included the non-operating, unrealized loss of $3.2 million related to our holdings of Vaxcyte common stock. We had a loss from operations of $28.8 million and net loss of $36.5 million, which net loss included the non-operating, unrealized loss of $6.4 million related to our holdings of Vaxcyte common stock, for the six months ended June 30, 2021. Substantially all of our losses have resulted from expenses incurred in connection with our research and development programs and from general and administrative costs associated with our operations. We cannot assure you that we will have net income or that we will generate positive cash flow from operating activities in the future. As of June 30, 2022, we had an accumulated deficit of $398.5 million. We do not expect to generate any revenue from commercial product sales unless and until we successfully complete development and obtain regulatory approval for one or more of our product candidates, which we expect will take a number of years. If we obtain regulatory approval for any of our product candidates, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. We expect our operating expenses to significantly increase as we continue to develop, and seek regulatory approvals for, our product candidates, engage in other research and development activities, expand our pipeline of product candidates, continue to develop our manufacturing facility and capabilities, maintain and

expand our intellectual property portfolio, seek regulatory and marketing approval for any product candidates that we may develop, acquire or in-license other assets or technologies, ultimately establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval, and operate as a public company. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of our clinical trials, our expenditures on other research and development activities and the timing of achievement and receipt of upfront, milestones and other collaboration agreement payments.

Impacts of the COVID-19 Pandemic

The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the pandemic, impacts on our clinical studies, employee or industry events, and effects on our collaboration partners, suppliers, service providers and manufacturers, all of which are uncertain and cannot be predicted. The COVID-19 pandemic and its adverse effects have become more prevalent in the locations where we, our CROs, suppliers or third-party business partners conduct business. We are experiencing the impact of the COVID-19 pandemic on our business through increased cost and delays in the availability of materials routinely used in biologic therapeutic development and manufacturing, which has the potential to cause delays in our research, development and/or manufacturing activities, but overall patient enrollment and treatment remains on track. Additionally, the COVID-19 pandemic has had, and is expected to continue to have, an adverse impact on our operations, particularly as a result of preventive and precautionary measures that we, other businesses, and governments are taking. We may experience more pronounced and significant disruptions in our operations, liquidity, supply chain, facilities, and clinical trials in the future as well. With respect to our clinical trials, we have experienced minor delays in enrollment and occasional delays in data entry by trial sites, but overall enrollment and treatment remains on track. We may in the future experience more significant delays in enrollment, participant dosing, distribution of clinical trial materials, study monitoring and data analysis that could materially adversely impact our business, results of operations, revenue earned from our collaboration partners, and overall financial performance in future periods. Specifically, we may experience impact from changes in how we and companies worldwide conduct business due to the COVID-19 pandemic, including but not limited to restrictions on travel and in-person meetings, the speed and breadth of mass vaccinations for COVID-19 and the efficacy of such vaccines, delays in site activations and enrollment of clinical trials, prioritization of hospital resources toward pandemic effort, delays in review by the FDA and comparable foreign regulatory agencies, limitations on employee resources that would otherwise be focused on the conduct of our research, preclinical studies, clinical trials and manufacturing operations, including because of sickness of employees or their families, the desire of employees to avoid contact with large groups of people, an increased reliance on working from home or mass transit disruptions, and disruptions in our supply chain for our product candidates. Additionally, increased reliance on remote work by our employees as a result of the COVID-19 pandemic poses incremental increased cybersecurity risks as our employees' home networks are inherently less secure than our corporate networks. As of the filing date of this Form 10-Q, the extent to which the COVID-19 pandemic may impact our financial condition, results of operations or guidance is uncertain. The effect of the COVID-19 pandemic will not be fully reflected in our results of operations and overall financial performance until future periods. See the section titled "Risk Factors" for further discussion of the possible impact of the ongoing COVID-19 pandemic on our business.

Financial Operations Overview

Revenue

We do not have any products approved for commercial sale and have not generated any revenue from commercial product sales. Our total revenue to date has been generated principally from our collaboration and license agreements with BMS, Merck, EMD Serono, and Tasly, and to a lesser extent, from manufacturing, supply and services and materials we provide to the above collaborators and to Vaxcyte.

We derive revenue from collaboration arrangements, under which we may grant licenses to our collaboration partners to further develop and commercialize our proprietary product candidates. We may also perform research and development activities under the collaboration agreements. Consideration under these contracts generally includes a nonrefundable upfront payment, development, regulatory and commercial milestones and other contingent payments, and royalties based on net sales of approved products. Additionally, the collaborations may provide options for the customer to acquire from us materials and reagents, clinical product supply or additional research and development services under separate agreements. We assess which activities in the collaboration agreements are considered distinct performance obligations that should be accounted for separately. We develop assumptions that require judgement to determine whether the license to our intellectual property is distinct from the research and development services or participation in activities under the collaboration agreements.

At the inception of each agreement, we determine the arrangement transaction price, which includes variable consideration, based on the assessment of the probability of achievement of future milestones and contingent payments and other potential consideration. We recognize revenue over time by measuring our progress towards the complete

satisfaction of the relevant performance obligation using an appropriate input or output method based on the nature of the service promised to the customer.

For arrangements that include multiple performance obligations, we allocate the transaction price to the identified performance obligations based on the standalone selling price, or SSP, of each distinct performance obligation. In instances where SSP is not directly observable, we develop assumptions that require judgment to determine the SSP for each performance obligation identified in the contract. These key assumptions may include full-time equivalent, or FTE, personnel effort, estimated costs, discount rates and probabilities of clinical development and regulatory success.

Please see further discussion on the revenue recognition treatment of performance obligations under Critical Accounting Policies and Estimates.

Operating Expenses

Research and Development

Research and development expenses represent costs incurred in performing research, development and manufacturing activities in support of our own product development efforts and those of our collaborators, and include salaries, employee benefits, stock-based compensation, laboratory supplies, outsourced research and development expenses, professional services and allocated facilities-related costs. We expense both internal and external research and development costs as they are incurred. Nonrefundable advance payments for services that will be used or rendered for future research and development activities are recorded as prepaid expenses and recognized as expenses as the related services are performed.

We expect our research and development expenses to increase in the future as we advance our product candidates into and through preclinical studies and clinical trials, pursue regulatory approval of our product candidates, expand our pipeline of product candidates and continue to develop our manufacturing facility and capabilities. The process of conducting the necessary preclinical and clinical research to obtain regulatory approval is costly and time consuming. The actual probability of success for our product candidates may be affected by a variety of factors including: the safety and efficacy of our product candidates, early clinical data, investment in our clinical programs, the ability of collaborators to successfully develop our licensed product candidates, competition, manufacturing capability and commercial viability. We may never succeed in achieving regulatory approval for any of our product candidates. As a result of the uncertainties discussed above, we are unable to determine the duration and completion costs of our research and development projects or when and to what extent we will generate revenue from the commercialization and sale of our product candidates.

The following table summarizes our research and development expenses incurred during the indicated periods. The internal costs include personnel, facility costs and research and scientific related activities associated with our pipeline. The external program costs reflect external costs attributable to our clinical development candidates and preclinical candidates selected for further development. Such expenses include third-party costs for preclinical and clinical studies and research, development and manufacturing services, and other consulting costs.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)		(in thousands)	
Internal costs:				
Research and drug discovery	$ 8,294	$ 6,741	$ 16,454	$ 12,701
Process and product development	3,757	3,361	7,445	6,731
Manufacturing	9,320	7,918	17,969	15,734
Clinical development	1,806	1,053	4,040	1,953
Total internal costs	23,177	19,073	45,908	37,119
External Program Costs:				
Research and drug discovery	587	366	1,069	690
Toxicology and translational science	229	196	502	606
Process and product development	87	20	268	182
Manufacturing	5,040	2,745	8,708	4,469
Clinical development	3,212	2,909	5,867	4,805
Total external program costs	9,155	6,236	16,414	10,752
Total research and development expenses	$ 32,332	$ 25,309	$ 62,322	$ 47,871

General and Administrative

Our general and administrative expenses consist primarily of personnel costs, expenses for outside professional services, including legal, human resources, audit, accounting and tax services and allocated facilities-related costs. Personnel costs include salaries, employee benefits and stock-based compensation. We expect to incur additional expenses operating as a public company, including expenses related to compliance with the rules and regulations of the SEC and listing standards applicable to companies listed on the Nasdaq Global Market, additional insurance expenses, investor relations activities and other administrative and professional services. We also expect to increase the size of our administrative function and our general and administrative expenses to support the anticipated growth of our business, and as we continue to advance our product candidates into and through the clinic.

Interest Income

Interest income consists primarily of interest earned on our invested funds.

Unrealized Gain (Loss) on Equity Securities

Unrealized gain (loss) on equity securities consists of the remeasurement of our investment in Vaxcyte common stock.

Interest and Other Expense, Net

Interest expense includes interest incurred on our debt and amortization of debt issuance costs including accretion of final payment. Other income (expense) includes changes in values attributable to the arrangement with our Call Option Plan whereby we granted certain employees options to purchase shares of Vaxcyte common stock.

Income Taxes

We recorded a foreign income tax charge of $2.5 million due to a withholding tax in China on an upfront license fee payment received from Tasly during the three and six months ended June 30, 2022. All other income tax charges and benefits for the three and six months ended June 30, 2022 and June 30, 2021, have been immaterial, primarily due to the net loss in each period. Our deferred tax assets continue to be fully offset by a valuation allowance.

Comparison of the Three Months Ended June 30, 2022 and 2021

	Three Months Ended June 30,			
	2022	2021	Change	Change (%)
		(in thousands)		
Revenues	$ 28,096	$ 28,049	$ 47	-
Operating expenses				
Research and development	32,332	25,309	7,023	28 %
General and administrative	15,143	12,545	2,598	21 %
Total operating expenses	47,475	37,854	9,621	25 %
Loss from operations	(19,379)	(9,805)	(9,574)	98 %
Interest income	197	175	22	13 %
Unrealized (loss) gain on equity securities	(3,736)	4,325	(8,061)	(186)%
Interest and other expense, net	(594)	(847)	253	(30)%
Loss before provision for income taxes	(23,512)	(6,152)	(17,360)	282 %
Provision for income taxes	2,500	-	2,500	*
Net loss	$ (26,012)	$ (6,152)	$ (19,860)	323 %

*Percentage not meaningful

Revenue

We have recognized revenue as follows during the indicated periods:

	Three Months Ended June 30,			
	2022	2021	Change	Change (%)
		(in thousands)		
Bristol Myers Squibb Company (“BMS”)	$ 2,266	$ 5,427	$ (3,161)	(58)%
Merck Sharp & Dohme Corporation (“Merck”)	146	19,878	(19,732)	(99)%
Merck KGaA, Darmstadt, Germany (operating in the United States and Canada under the name “EMD Serono”)	137	2,375	(2,238)	(94)%
Vaxcyte	547	369	178	48 %
Tasly Biopharmaceuticals Co., Ltd. (“Tasly”)	25,000	-	25,000	*
Total revenue	$ 28,096	$ 28,049	$ 47	-

*Percentage not meaningful

Total revenue decreased by $47,000 during the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. This was due primarily to a $19.7 million decrease from Merck, related to a $3.3 million decrease from the 2021 completion of the performance obligations associated with the first and second target programs under the 2018 Merck Agreement, recognition of a $15.0 million contingent payment earned in the second quarter of 2021 for the initiation of the first IND-enabling toxicology study under the first program in the collaboration, a decrease of $1.2 million in research and development services and materials supply, and a decrease of $0.2 million due to the absence in 2022 of the financing component related to the 2018 Merck Agreement. Revenue from BMS decreased by $3.2 million primarily due to a decrease in materials supply and manufacturing activities supporting clinical trial supply, and revenue from EMD Serono decreased by $2.2 million primarily due to a $2.0 million contingent payment earned in the second quarter of 2021. These decreases were offset by an earned $25.0 million upfront payment under the Tasly License Agreement, and a $0.2 million increase in Vaxcyte revenue.

Research and Development Expense

Research and development expense increased by $7.0 million, or 28%, during the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. The increase was due primarily to increases of $2.0 million in personnel-related expenses due to higher headcount, $3.1 million in consulting and outside services, $1.8 million in laboratory supplies and preclinical research and clinical development expenses, and $0.1 million in travel-related expenses.

General and Administrative Expense

General and administrative expense increased by $2.6 million, or 21%, during the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. The increase was due primarily to increases of $1.4 million in personnel-related expenses due to higher headcount, $0.6 million in external services, $0.4 million in equipment and office-related expenses, $0.1 million in travel-related expenses, and $0.1 million in facilities-related expenses.

Interest Income

Interest income increased by $22,000 during the three months ended June 30, 2022 as compared to the three months ended June 30, 2021, due primarily to a $0.3 million increase in the amortization of premiums on investments, partially offset by a $0.3 million decrease in interest income due to lower investment balances.

Unrealized (Loss) Gain on Equity Securities

Unrealized loss on equity securities was $3.7 million during the three months ended June 30, 2022 as compared to an unrealized gain of $4.3 million for the three months ended June 30, 2021. The unrealized (loss) gain on equity securities in each period was entirely due to the remeasurement of the fair value of our investment in Vaxcyte common stock.

Interest and Other Expense, Net

Interest and other expense, net, decreased by $0.3 million during the three months ended June 30, 2022 as compared to the three months ended June 30, 2021, due primarily to the absence in 2022 of the financing component related to the 2018 Merck Agreement.

Comparison of the Six Months Ended June 30, 2022 and 2021

	Six Months Ended June 30,			
	2022	2021	Change	Change (%)
	(in thousands)			
Revenues	$ 33,993	$ 42,709	$ (8,716)	(20)%
Operating expenses				
Research and development	62,322	47,871	14,451	30 %
General administrative	30,182	23,652	6,530	28 %
Total operating expenses	92,504	71,523	20,981	29 %
Loss from operations	(58,511)	(28,814)	(29,697)	103 %
Interest income	313	372	(59)	(16)%
Unrealized (loss) gain on equity securities	(3,173)	(6,364)	3,191	(50)%
Interest and other expense, net	(1,251)	(1,705)	454	(27)%
Loss before provision for income taxes	(62,622)	(36,511)	(26,111)	72 %
Provision for income taxes	2,500	-	2,500	*
Net loss	$ (65,122)	$ (36,511)	$ (28,611)	78 %

*Percentage not meaningful

Revenue

We have recognized revenue as follows during the indicated periods:

	Six Months Ended June 30,			
	2022	2021	Change	Change (%)
		(in thousands)		
Bristol Myers Squibb Company	$ 4,431	$ 6,666	$ (2,235)	(34)%
Merck Sharp & Dohme Corporation	1,210	31,761	(30,551)	(96)%
Merck KGaA, Darmstadt, Germany	2,034	2,595	(561)	(22)%
Vaxcyte	1,318	1,687	(369)	(22)%
Tasly Biopharmaceuticals Co., Ltd.	25,000	–	25,000	*
Total revenue	$ 33,993	$ 42,709	$ (8,716)	(20)%

Total revenue decreased by $8.7 million, or 20%, during the six months ended June 30, 2022 compared to the six months ended June 30, 2021. This was primarily due to a $30.6 million decrease from Merck, related to a $5.5 million decrease from the 2021 completion of the performance obligations associated with the first and second target programs under the 2018 Merck Agreement, full recognition of $6.0 million of revenue earned in the first quarter of 2021 associated with the contingent third target program upon the termination of the related performance obligation, recognition of a $15.0 million contingent payment earned in the second quarter of 2021 for the initiation of the first IND-enabling toxicology study under the first program in the collaboration, a decrease of $2.6 million in research and development services and materials supply, a decrease of $1.0 million in manufacturing activities supporting clinical trial supply, and a decrease of $0.4 million due to the absence in 2022 of the financing component related to the 2018 Merck Agreement. BMS revenue decreased by $2.2 million from materials supply and manufacturing activities supporting clinical trials supply, EMD Serono revenue decreased by $0.6 million primarily due to a $2.0 million contingent payment earned in the second quarter of 2021, partially offset by a $1.4 million increase in materials supply and manufacturing activities supporting clinical trial supply, and Vaxcyte revenue decreased by $0.4 million, which reflects a $1.0 million decrease in manufacturing activities offset by a $0.6 million increase in research and development services. These decreases were offset by an earned $25.0 million upfront payment under the Tasly License Agreement.

Research and Development Expense

Research and development expense increased by $14.5 million, or 30%, during the six months ended June 30, 2022 as compared to the six months ended June 30, 2021. The increase was due primarily to increases of $5.3 million in personnel-related expenses due to higher headcount, $5.8 million in consulting and outside services, $3.3 million in laboratory supplies and preclinical research and clinical development expenses, $0.2 million in travel, equipment and office-related expenses, partially offset by a $0.1 million decrease in facilities-related expenses.

General and Administrative Expense

General and administrative expense increased by $6.5 million, or 28%, during the six months ended June 30, 2022 as compared to the six months ended June 30, 2021. The increase was due primarily to increases of $3.6 million in personnel-related expenses due to higher headcount, $1.9 million in external services, $0.5 million in equipment and office-related expenses, $0.3 million in facilities-related expenses, and $0.2 million in travel-related and other expenses.

Interest Income

Interest income decreased by $0.1 million during the six months ended June 30, 2022 as compared to the six months ended June 30, 2021, due primarily to a $0.3 million increase in the amortization of premiums on investments, partially offset by a $0.3 million decrease in interest income due to lower investment balances.

Unrealized Loss on Equity Securities

Unrealized loss on equity securities was $3.2 million during the six months ended June 30, 2022 as compared to an unrealized loss of $6.4 million for the six months ended June 30, 2021. The unrealized loss on equity securities in each period was entirely due to the remeasurement of the fair value of our investment in Vaxcyte common stock.

Interest and Other Expense, Net

Interest and other expense, net, decreased by $0.5 million during the six months ended June 30, 2022 as compared to the six months ended June 30, 2021, due primarily to the absence in 2022 of the financing component related to the 2018 Merck Agreement.

Liquidity and Capital Resources

Sources of Liquidity

To date, we have incurred significant net losses, and negative cash flows from operations. Our operations have been funded primarily by payments received from our collaborators, and net proceeds from equity sales and debt. As of June 30, 2022, we had cash, cash equivalents and marketable securities of $191.6 million, equity securities of $34.0 million, outstanding debt of $22.3 million and an accumulated deficit of $398.5 million.

In June 2022, we entered into a License and Collaboration Agreement with Astellas Pharma Inc., or Astellas, for the development of immunostimulatory antibody-drug conjugates for up to three biological targets, to be identified by Astellas. Pursuant to the agreement with Astellas, we will receive from Astellas a one-time, nonrefundable, non-creditable, upfront payment of $90.0 million, which amount is reflected in our condensed financial statements as a receivable as of June 30, 2022.

At-The-Market Sales

During the three months ended June 30, 2022, we sold an aggregate of 1,716,996 shares of our common stock through our ATM Facility pursuant to the Sales Agreement with Jefferies. The gross proceeds from these sales were approximately $8.9 million, before deducting fees of approximately $0.7 million, resulting in net proceeds of approximately $8.2 million.

2022 Upfront Payment from Tasly

During the three months ended June 30, 2022, we earned a $25.0 million nonrefundable upfront payment from Tasly under the Tasly License Agreement to grant Tasly an exclusive license to develop and commercialize STRO-002 in Greater China. The upfront payment, net of a withholding tax of $2.5 million, resulted in a net payment to us of $22.5 million.

2021 Contingent Payment from Merck

During the three months ended June 30, 2021, we earned and received a $15.0 million contingent payment from Merck for the initiation of an IND enabling toxicology study for the first program in its collaboration to develop novel cytokine derivative therapeutics for cancer and autoimmune disorders.

Vaxcyte, Inc. Equity Ownership

As of June 30, 2022, we held 1,562,879 shares of Vaxcyte common stock with an estimated fair value of $34.0 million.

Term Loan

For a description of our Loan and Security Agreement with Oxford Finance LLC and Silicon Valley Bank, please see Note 6 to our condensed financial statements.

Leases

In June 2021, we entered into a third amendment, or Third Amendment, to our manufacturing facility lease, dated May 18, 2011, as amended, by and between Alemany Plaza LLC, located at San Carlos, California, or the San Carlos Lease, as an extension to the term of the San Carlos Lease for a period of five years, or the Lease Extension Period. Pursuant to the Third Amendment, the San Carlos Lease will expire on July 31, 2026, and it includes an option to renew the San Carlos Lease for an additional five years. The aggregate estimated base rent payments due over the Lease Extension Period is approximately $4.2 million, subject to certain terms contained in the San Carlos Lease.

In June 2021, we entered into a first amendment, or First Amendment, to our manufacturing facility lease, dated May 4, 2015, as amended, by and between 870 Industrial Road LLC, located at San Carlos, California, or the Industrial Lease, as an extension to the term of the Industrial Lease for a period of five years, or the Industrial Lease Extension Period. Pursuant to the first Amendment, the Industrial Lease will expire on June 30, 2026, and it includes an option to renew the Industrial Lease for an additional five years. The aggregate estimated base rent payments due over the Industrial Lease Extension Period is approximately $4.3 million, subject to certain terms contained in the Industrial Lease.

In September 2020, we entered into a sublease agreement, or the Sublease, with Five Prime Therapeutics, Inc., or the Sublessor, for approximately 115,466 square feet, in a building located in South San Francisco, California, or the Premises. We use the Premises as our new corporate headquarters and to conduct (or expand) research and development activities. We commenced making monthly payments for the first 85,755 square feet of the Premises, or Initial Premises, in July 2021, with occupancy of such space commencing in August 2021. We were provided early access to the Initial Premises in the fourth quarter of 2020 to conduct certain planning and tenant improvement work. The Sublease is subordinate to the lease agreement, effective December 12, 2016, between the Sublessor and HCP Oyster Point III LLC, or the Landlord. The commencement date for the remaining 29,711 square feet of the Premises, or the Expansion Premises, is expected to be 24 months following the commencement date on the Initial Premises. However, we have the right to accelerate the commencement date on the Expansion Premises to an earlier date upon six months' prior written notice to the Sublessor. The Sublease for both the Initial Premises and Expansion Premises will expire on December 31, 2027. With a commencement date on the Initial Premises of July 1, 2021, the aggregate estimated base rent payments due over the term of the Sublease are approximately $39.1 million, including the approximately $5.2 million in potential financial benefit to us of base rent abatement to be provided by the Sublessor, subject to certain terms contained in the Sublease. The Sublease contains customary provisions requiring us to pay our pro rata share of utilities and a portion of the operating expenses and certain taxes, assessments and fees of the Premises and provisions allowing the Sublessor to terminate the Sublease upon the termination of the lease with the Landlord or if we fail to remedy a breach of certain of its obligations within specified time periods. Additionally, we posted a security deposit of $0.9 million, which is reflected as restricted cash in non-current assets on our balance sheet as of June 30, 2022 and December 31, 2021.

Funding Requirements

Based upon our current operating plan, we believe that our existing capital resources will enable us to fund our operating expenses and capital expenditure requirements through at least the next twelve months after the date of this filing. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. We will continue to require additional financing to advance our current product candidates into and through clinical development, to develop, acquire or in-license other potential product candidates, pay our obligations and to fund operations for the foreseeable future.

We may seek to raise any necessary additional capital through a combination of public or private equity offerings, debt financings, collaborations, strategic alliances, licensing arrangements, marketing and distribution arrangements, or other sources of financing. Adequate additional funding may not be available to us on acceptable terms, or at all. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies, and may cause us to delay, reduce the scope of or suspend one or more of our pre-clinical and clinical studies, research and development programs or commercialization efforts, and may necessitate us to delay, reduce or terminate planned activities in order to reduce costs. Due to the numerous risks and uncertainties associated with the development and commercialization of our product candidates and the extent to which we may enter into additional collaborations with third parties to participate in their development and commercialization, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated clinical studies.

To the extent we raise additional capital through new collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our product candidates, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us. If we do raise additional capital through public or private equity or convertible debt offerings, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

Cash Flows

The following table summarizes our cash flows during the periods indicated:

	Six Months Ended June 30,	
	2022	2021
	(in thousands)	
Net cash used in operating activities	$ (38,441)	$ (35,693)
Net cash provided by (used in) investing activities	80,897	(115,854)
Net cash provided by financing activities	6,245	1,787
Net decrease in cash, cash equivalents and restricted cash	$ 48,701	$ (149,760)

Cash Flows from Operating Activities

Cash used in operating activities for the six months ended June 30, 2022 was $38.4 million. Our net loss of $65.1 million included non-cash charges of $13.7 million for stock-based compensation, $3.2 million for unrealized loss on equity securities as a result of the remeasurement of the estimated fair value of our investment in Vaxcyte common stock, $2.7 million for depreciation and amortization, $1.3 million for noncash lease expense, and $0.9 million for the amortization of premium on marketable securities. Cash used in operating activities also reflected a net change in operating assets and liabilities of $4.9 million, due to an increase of $85.2 million in accounts receivable from our collaborators, an increase of $0.1 million in prepaid expenses and other assets, an increase of $1.9 million in accounts payable and other liabilities due to timing of payments, an increase of $91.0 million in deferred revenue primarily due to the $90.0 million upfront payment receivable from Astellas, and an increase of $0.9 million in our operating lease liability, partially offset by a decrease of $3.7 million in accrued compensation expense primarily due to bonuses paid in connection with certain company goal achievements.

Cash used in operating activities for the six months ended June 30, 2021 was $35.7 million. Our net loss of $36.5 million included non-cash charges of $9.9 million for stock-based compensation, $6.4 million of unrealized loss on equity securities as a result of the remeasurement of the estimated fair value of our investment in Vaxcyte common stock, $2.4 million for depreciation and amortization, $2.4 million for noncash lease expenses, $1.2 million for the amortization of premium on marketable securities, and $0.3 million for other noncash expenses. Cash used in operating activities also reflected a net change in operating assets and liabilities of $21.7 million, due to a decrease of $12.4 million in our deferred revenue balance from revenue recognized under our collaboration agreements, an increase of $3.6 million in accounts receivable from our collaborators, an increase of $4.8 million in prepaid expenses and other assets, a decrease of $2.3 million in accrued compensation expense primarily due to bonuses paid in connection with certain company goal achievements, and a decrease of $0.8 million in our operating lease liability, partially offset by an increase of $2.2 million in accounts payable and other liabilities due to timing of payments.

Cash Flows from Investing Activities

Cash provided by investing activities of $80.9 million for the six months ended June 30, 2022 was primarily related to maturities and sales of marketable securities of $99.6 million, partially offset by purchases of marketable securities of $14.9 million and purchases of $3.8 million principally for laboratory equipment.

Cash used in investing activities of $115.9 million for the six months ended June 30, 2021 was primarily related to purchases of marketable securities of $202.3 million and purchases of property and equipment of $7.8 million, principally for leasehold improvements to the premises under the Sublease, offset partially by maturities and sales of marketable securities of $94.3 million.

Cash Flows from Financing Activities

Cash provided by financing activities of $6.2 million for the six months ended June 30, 2022 was primarily related to $8.6 million of net proceeds from our ATM Facility sales of common stock, $1.0 million of net proceeds received from participants in our employee equity plans and $0.2 million of proceeds received from the exercise of common stock options, partially offset by a debt repayment of $3.1 million, and a $0.4 million tax payment related to the net shares settlement of vested restricted stock units.

Cash provided by financing activities of $1.8 million for the six months ended June 30, 2021 was primarily related to $1.8 million of proceeds received from the exercise of common stock options and $0.9 million of net proceeds received from participants in our employee equity plans, partially offset by a $0.5 million payment related to issuance costs and a $0.4 million tax payment related to the net shares settlement of vested restricted stock units.

Contractual Obligations and Other Commitments

In addition to the contractual obligations and commitments as noted above and elsewhere in this Quarterly Report on Form 10-Q with regards to the leases and term loans, we enter into agreements in the normal course of business, including with contract research organizations for clinical trials, contract manufacturing organizations for certain manufacturing services, and vendors for preclinical studies and other services and products for operating purposes, which are generally cancelable upon written notice.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with United States generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenue generated and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There have been no material changes to our critical accounting policies and estimates discussed in our Annual Report on Form 10-K for the year ended December 31, 2021.

Recent Accounting Pronouncements

See Note 2 to our financial statements included elsewhere in this report for more information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate sensitivities. The primary objective of our investment activities is to preserve our capital to fund our operations. We also seek to maximize income from our investments without assuming significant risk. To achieve our objectives, we maintain a portfolio of cash equivalents and investments in a variety of securities of high credit quality.

We had cash, cash equivalents and marketable securities of $191.6 million and $229.5 million as of June 30, 2022 and December 31, 2021, respectively, which consisted primarily of money market funds, commercial paper, corporate debt securities, asset-based securities, U.S. government agency securities and supranational debt securities. Such interest earning instruments carry a degree of interest rate risk; however, historical fluctuations in interest income have not been significant. Additionally, we had equity securities of $34.0 million as of June 30, 2022, consisting solely of common stock of Vaxcyte.

Equity risk is the risk we will incur economic losses due to adverse changes in equity prices. Our potential exposure to changes in equity prices results from our Vaxcyte common stock holdings. Therefore, we are subject to market risk if such holdings materially decrease in value. A hypothetical 10 percent decrease in the market price for our equity investments as of June 30, 2022 would decrease the fair value by $3.4 million. We intend to manage equity price risk going forward by continuously evaluating market conditions.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. We have not been exposed nor do we anticipate being exposed to material risks due to changes in interest rates. A hypothetical 10% change in market interest rates would not have a material impact on our financial statements. We do not believe that our cash, cash equivalents or marketable securities have significant risk of default or illiquidity.

As of June 30, 2022 and December 31, 2021, we had $22.3 million and $25.1 million, respectively, in debt outstanding, net of debt discount. Our debt with Oxford and SVB bears interest at a floating per annum rate equal to the greater of (i) 8.07% or (ii) the sum of (a) the greater of (1) the thirty (30) day U.S. LIBOR rate reported in the Wall Street Journal on the last business day of the month that immediately precedes the month in which the interest will accrue or (2) 1.67%, plus (b) 6.40%. This debt matures on March 1, 2024 and was interest-only through March 1, 2022. Such interest-bearing debt carries a limited degree of interest rate risk. If overall interest rates had increased or decreased by 100 basis points during the periods presented our interest expense would not have been materially affected.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of June 30, 2022, management, with the participation of our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer), performed an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2022, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, in the opinion of management, would have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity and reputational harm, and other factors.

Item 1A. Risk Factors

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before making your decision to invest in shares of our common stock, you should carefully consider the risks described below, together with the other information contained in this annual report, including our financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect us. We cannot assure you that any of the events discussed below will not occur. These events could have a material and adverse impact on our business, financial condition, results of operations and prospects. If that were to happen, the trading price of our common stock could decline, and you could lose all or part of your investment.

Summary of Risk Factors

Our business is subject to a number of risks and uncertainties, including those highlighted in the section titled "Risk Factors" immediately following this summary. Some of these risks include:

•We have a limited operating history, a history of significant losses and may never achieve or maintain profitability.

•The COVID-19 pandemic continues to impact the availability of routine materials for our business, which has caused us to spend significant effort in sourcing alternatives and otherwise modifying our activities, and it may have even more pronounced and significant impact on our activities in the future. For example, difficulties in sourcing filters used in our manufacturing operations have resulted in modified manufacturing schedules and additional development work to qualify alternatives, which has affected our manufacturing operations. While these effects have not yet impacted availability of preclinical or clinical materials, it is possible that further such difficulties my result in delays in initiating or conducting our clinical trials.

•We will need substantial additional funds to advance development of our product candidates and failure to obtain sufficient funding, may force us to delay, limit or terminate our product development programs, commercialization efforts or other operations. Continued unfavorable conditions in the capital markets may pose difficulties to us in accessing additional capital on reasonable, or even any, terms to continue our product and platform development or other operations.

•Our product candidates are in early stages of development and may fail, be impacted by competitive products or suffer delays that materially and adversely affect their commercial viability. Our business is dependent on the success of our product candidates based on our proprietary XpressCF® and XpressCF+® platforms and, in particular, our proprietary product candidates, STRO-001 and STRO-002.

•If we do not achieve our development goals in the time frames we anticipate and project, the commercialization of our products may be delayed and our stock price may decline.

•Our approach to the discovery and development of our therapeutic treatments is based on novel technologies that are unproven and may not result in marketable products.

•Security breaches, cyber-attacks, loss of data, and other disruptions at our facilities or at our third party CROs, CMOs, or other vendors could compromise sensitive information related to our business or other personal information or prevent us from accessing critical information and expose us to liability, which could adversely affect our business, reputation, results of operations, financial condition and prospects.

•Our failure to comply with privacy and data protection laws or to adequately secure the personal information we hold could result in significant liability or reputational harm and, in turn, a material adverse effect on our client base, member base and revenue.

•If our collaborations with third parties to develop and commercialize certain product candidates are not successful, we may not be able to capitalize on the market potential of our XpressCF® and XpressCF+® platforms and the product candidates.

•We currently manufacture a portion of our product candidates internally and also rely on third-party manufacturing and supply partners to provide us with components of our product candidates. Our inability to manufacture sufficient quantities of our product candidates, or the loss of our third-party suppliers, or our or their failure to comply with applicable regulatory requirements or to supply sufficient quantities at acceptable quality levels or prices, or at all, would materially and adversely affect our business.

•We face competition from entities that have developed or may develop product candidates for cancer, including companies developing novel treatments and technology platforms. If these companies develop technologies or product candidates more rapidly than we do or their technologies are more effective, our ability to develop and successfully commercialize product candidates may be adversely affected.

•If we are not able to obtain and enforce patent protection for our technologies or product candidates, development and commercialization of our product candidates may be adversely affected.

•Our collaborators may fail to abide by the terms of the agreements with us, which would require us to seek to enforce our agreements in accordance with the dispute resolution procedures set forth therein. These procedures may require us to engage in litigation or arbitration to enforce our rights, which can be expensive, time-consuming, and distracting to our management and Board of Directors and that may ultimately end up being unsuccessful.

•If we are unable to develop, obtain regulatory approval for or commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.

Risks Related to Our Business

We are a clinical stage biopharmaceutical company with a limited operating history and no products approved for commercial sale. We have a history of significant losses, expect to continue to incur significant losses for the foreseeable future and may never achieve or maintain profitability, which could result in a decline in the market value of our common stock.

We are a clinical stage biopharmaceutical company with a limited operating history on which to base your investment decision. Biotechnology product development is a highly speculative undertaking and involves a substantial degree of risk.

To date, we have enrolled a limited number of patients in our initial clinical trials, have no products approved for commercial sale, have not generated any revenue from commercial product sales and, as of June 30, 2022, had an accumulated deficit of $398.5 million. For the six months ended June 30, 2022, and the year ended December 31, 2021, our net loss was $65.1 million and $105.5 million, respectively. Substantially all of our losses have resulted from expenses incurred in connection with our research and development programs and from general and administrative costs associated with our operations. Our technologies and product candidates are in early stages of development, and we are subject to the risks of failure inherent in the development of product candidates based on novel technologies. In addition, we have limited experience as a clinical stage company and have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, particularly in the biotechnology industry. Furthermore, we do not expect to generate any revenue from commercial product sales for the foreseeable future, and we expect to continue to incur significant operating losses for the foreseeable future due to the cost of research and development, preclinical studies and clinical trials and the regulatory approval process for our product candidates. We expect our net losses to increase substantially as we progress further into clinical development of our lead programs and create additional infrastructure to support operations as a public company. However, the amount of our future losses is uncertain. Our ability to achieve profitability, if ever, will depend on, among other things, our, or our existing or future collaborators', successful development of product candidates, evaluating the related commercial opportunities, obtaining regulatory approvals to market and commercialize product candidates, manufacturing any approved products on commercially reasonable terms, establishing a sales and marketing organization or suitable third-party alternatives for any approved product, and raising sufficient funds to finance business activities. If we, or our existing or future collaborators, are unable to develop our technologies and commercialize one or more of our product candidates or if sales revenue from any product candidate that receives approval is insufficient, we will not

achieve profitability, which could have a material and adverse effect on our business, financial condition, results of operations and prospects. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods.

The COVID-19 pandemic continues to have an impact on our business, which has caused us to spend significant effort in sourcing alternatives and otherwise modifying our activities.

Public health crises such as pandemics or similar outbreaks could adversely impact our business. A pandemic, including COVID-19, or other public health epidemic poses the risk that we or our employees, contractors, suppliers, and other partners may be prevented from conducting business activities in whole or in part for an indefinite period of time, including due to spread of the disease within these groups or due to shutdowns that may be requested or mandated by governmental authorities. The COVID-19 pandemic has had, and is expected to continue to have, an adverse impact on our operations, particularly as a result of preventive and precautionary measures that we, other businesses, and governments are taking. In response to the spread of COVID-19, we initially modified operations in our executive offices with our administrative employees primarily continuing their work outside of those offices, restricted on-site research, development and manufacturing staff to only those required to execute their job responsibilities on-site for prioritized activities, limited the number and proximity of staff in any given laboratory or in our manufacturing facility (except as necessary for particular activities), and implemented multiple work place safety, social distancing and disinfection protocols.

Following the guidance of the CDC, OSHA, and applicable state regulations and orders, we have relaxed these safeguards and largely have returned to on-site work. We continue to closely monitor the state of the ongoing pandemic and the guidance provided by applicable governmental authorities and will modify our policies accordingly. To the extent that any governmental authority imposes additional regulatory requirements or changes existing laws, regulations, and policies that apply to our business and operations, such as additional workplace safety measures, our product development plans may be delayed, and we may incur further costs in bringing our business and operations into compliance with changing or new laws, regulations, and policies.

In addition, the COVID-19 pandemic has resulted in a significant percentage of our employees working remotely from time to time which has amplified certain risks to our business. For example, the increase in remote work has increased demand on our information technology resources and systems, increased phishing and other malicious activity as cybercriminals try to exploit the uncertainty surrounding the COVID-19 pandemic, which has led to an increase in the number of points of potential exposure, such as laptops and mobile devices, that need to be secured. Any failure to effectively manage these risks, including to timely identify and appropriately respond to any security incidents, may adversely affect our business. The COVID-19 pandemic has also had an adverse effect on our ability to attract, recruit, interview and hire at the pace we would typically expect to support our rapidly expanding operations. Additionally, we have incurred increased costs as a result of COVID-19, including increased expenses to implement additional measures to ensure the health and safety of our workforce, such as reimbursing for periodic COVID-19 testing and providing face masks.

We continue to experience the impact of the COVID-19 pandemic on our business, including increased costs and delays in the availability of materials routinely used in biologic therapeutic development and manufacturing, which may cause delays in our research, development and/or manufacturing activities, but overall patient enrollment and treatment remains on track. For example, we have not been able to procure certain filters used for GMP manufacture of our and our partners' product candidates in the time frame we were expecting, placing the timeline for manufacture of such product candidates at risk. Further, routine materials such as disposable bags, filters, and chromatography resins have become limited in supply and placed the timeline for development of the process to manufacture another one of our partners' projects at risk. We are attempting to mitigate these risks by ordering sufficient materials to provide a safety stock in reserve and by sourcing some of these materials from our partners' safety stock. We are also exploring developing new manufacturing processes to replace certain materials that have been difficult to source reliably with equivalent materials that are more reliably available. If these efforts are unsuccessful, or consumable shortages become more pronounced as the pandemic continues, we may experience delays in discovery, development and/or manufacture of our or our partners' products, which could delay our clinical and non-clinical programs. As such, these impacts and any potential future impacts from the COVID-19 pandemic may adversely affect our or our partners' research, development and/or manufacturing activities, which could negatively impact our business, financial condition, and operations.

As a result of the COVID-19 pandemic, or similar pandemics, we may experience disruptions that could severely impact our business, clinical trials and preclinical studies, 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;

•changes in protocol-specified procedures that lead to missing data (e.g., reduced or postponed patient visits, missed lab tests and scans, and patient discontinuation);

•increased rates of patients withdrawing from our clinical trials following enrollment as a result of contracting COVID-19, being forced to quarantine, losing insurance coverage or not accepting home health visits;

•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 assessments at pre-specified timepoints during the trial and 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 (particularly any procedures that may be deemed non-essential), which may impact the integrity of subject data and clinical study endpoints;

•interruption or delays in the operations of the U.S. Food and Drug Administration, or FDA, and comparable foreign regulatory agencies, which may impact approval timelines;

•delays, disruptions or increased costs associated with non-clinical experiments and investigational new drug application-enabling good laboratory practice standard toxicology studies;

•limitations on employee resources that would otherwise be focused on the conduct of our research, preclinical studies, clinical trials and manufacturing operations, including because of sickness of employees or their families, the desire of employees to avoid contact with large groups of people, an increased reliance on working from home or mass transit disruptions;

•interruption of, or delays in receiving, supplies of our product candidates or precursor molecules or other raw materials and the manufacture or shipment of both drug substance and finished drug product for our product candidates from either us or contract manufacturing organizations due to staffing shortages, production slowdowns, stoppages and disruptions in delivery systems or reallocation of global manufacturing resources to therapeutic or prophylactic treatments for COVID-19 resulting in reduced manufacturing capacity or shortages of raw materials;

•interruptions or delays in conducting technology transfers to and among our manufacturing operations and our contract manufacturing partners resulting from limitations on travel that prevent our subject matter experts from supervising and assisting with the technology transfers; and

•reduced ability to engage with the medical and investor communities, including due to the cancellation of conferences scheduled throughout the year.

These and other factors arising from the COVID-19 pandemic could worsen in countries that are already afflicted with COVID-19, could continue to spread to additional countries, or could return to countries where the pandemic has been partially contained, each of which could further adversely impact our ability to conduct clinical trials and our business generally, and could have a material adverse impact on our operations and financial condition and results.

While the potential economic impact brought by, and the duration of, the COVID-19 pandemic is difficult to assess or predict, the COVID-19 pandemic has resulted in, and may continue to result in, extreme volatility and disruptions in the capital and credit markets, potentially reducing our ability to raise additional capital through equity, equity-linked or debt financings on acceptable terms, or at all, which could negatively impact our short-term and long-term liquidity and our ability to operate in accordance with our operating plan, or at all.

The ultimate impact of the COVID-19 pandemic is highly uncertain and subject to sudden change. The COVID-19 pandemic continues to evolve. The extent to which the pandemic may impact our business, clinical trials, research activities, preclinical studies and manufacturing activities will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of COVID-19, the frequency of viral mutations and severity of the variants, the duration of the pandemic, the speed and breadth of mass vaccinations for COVID-19 and the efficacy of such vaccines, the availability of new therapeutics effective to treat COVID-19 infection, travel restrictions and actions to contain the outbreak or treat its impact, such as social distancing and quarantines or lock-downs 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. While we do not yet know the full extent of current or future impacts on our business, any of these occurrences could significantly harm our business, financial condition, results of operations and prospects.

We will need substantial additional funds to advance development of our product candidates. This additional financing may not be available on acceptable terms, or at all. Failure to obtain this necessary capital when needed may force us to delay, limit or terminate our product development programs, commercialization efforts or other operations. Continued unfavorable conditions in the capital markets may pose difficulties to us in accessing additional capital on reasonable, or even any, terms to continue our product and platform development or other operations.

The development of biopharmaceutical product candidates is capital-intensive. If our product candidates enter and advance through preclinical studies and clinical trials, we will need substantial additional funds to expand our development, regulatory, manufacturing, marketing and sales capabilities. We have used substantial funds to develop our technology and product candidates and will require significant funds to conduct further research and development and preclinical testing and clinical trials of our product candidates, to seek regulatory approvals for our product candidates and to manufacture and market products, if any, which are approved for commercial sale. In addition, we expect to incur additional costs associated with operating as a public company.

Since our inception, we have invested a significant portion of our efforts and financial resources in research and development activities for our two proprietary clinical-stage product candidates STRO-001 and STRO-002, and the development of our technology platform, including our in-house manufacturing capabilities. Clinical trials for our product candidates will require substantial funds to complete. As of June 30, 2022, we had $191.6 million in cash, cash equivalents and marketable securities, before giving effect to our $90 million upfront payment from Astellas. We expect to incur substantial expenditures in the foreseeable future as we seek to advance STRO-001 and STRO-002 and any future product candidates through clinical development, manufacturing, the regulatory approval process and, if approved, commercial launch activities, as well as in connection with the continued development of our technology platform and manufacturing capabilities. Based on our current operating plan, we believe that our available cash, cash equivalents and marketable securities will be sufficient to fund our operations through at least the next 12 months. However, 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 we may need to seek additional funds sooner than planned. Our monthly spending levels vary based on new and ongoing research and development and other corporate activities. Because the length of time and activities associated with successful research and development of our product candidates is highly uncertain, we are unable to estimate the actual funds we will require for development and any marketing and commercialization activities for approved products. The timing and amount of our operating expenditures will depend largely on:

- the timing and progress of preclinical and clinical development activities;
- the costs associated with the development of our internal manufacturing and research and development facilities and processes;
- the number and scope of preclinical and clinical programs we decide to pursue;
- the progress of the development efforts of parties with whom we have entered or may in the future enter into collaborations and research and development agreements;
- the timing and amount of milestone and other payments we may receive under our collaboration agreements;
- our ability to maintain our current licenses and research and development programs and to establish new collaboration arrangements;
- the costs involved in prosecuting, defending and enforcing patent and other intellectual property claims;
- the costs of manufacturing our product candidates and those of our collaborators using our proprietary XpressCF® and XpressCF+® platforms;
- the cost and timing of regulatory approvals;
- the cost of commercialization activities if our product candidates or any future product candidates are approved for sale, including marketing, sales and distribution costs; and
- our efforts to enhance operational systems and hire and retain personnel, including personnel to support development of our product candidates and satisfy our obligations as a public company.

If we are unable to obtain funding on a timely basis or on acceptable terms, we may have to delay, reduce or terminate our research and development programs and preclinical studies or clinical trials, limit strategic opportunities or

undergo reductions in our workforce or other corporate restructuring activities. We also could be required to seek funds through arrangements with collaborators or others that may require us to relinquish rights to some of our technologies or product candidates that we would otherwise pursue on our own. We do not expect to realize revenue from sales of commercial products or royalties from licensed products in the foreseeable future, if at all, and, in no event, before our product candidates are clinically tested, approved for commercialization and successfully marketed. To date, we have primarily financed our operations through payments received under our collaboration agreements, the sale of equity securities and debt financing. We will be required to seek additional funding in the future and currently intend to do so through additional collaborations and/or licensing agreements, public or private equity offerings or debt financings, credit or loan facilities, or a combination of one or more of these funding sources. 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. Subject to limited exceptions, our Loan and Security Agreement with Oxford and SVB prohibits us from incurring indebtedness without the prior written consent of Oxford and SVB. If we raise additional funds by issuing equity securities, our stockholders will suffer dilution and the terms of any financing may adversely affect the rights of our stockholders. If we raise additional funds through licensing or collaboration arrangements with third parties, we may have to relinquish valuable rights to our product candidates, or grant licenses on terms that are not favorable to us. 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 stockholders. Our current debt financing involves, and future debt financings, if available, are likely to 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 our equity securities receive any distribution of our corporate assets. Failure to obtain capital when needed on acceptable terms may force us to delay, limit or terminate our product development and commercialization of our current or future product candidates, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our product candidates are in early stages of development and may fail in development or be impacted by competitive products or suffer delays that materially and adversely affect their commercial viability. If we or our collaborators are unable to complete development of or commercialize our product candidates or experience significant delays in doing so, our business will be materially harmed.

We have no products on the market and all of our product candidates for cancer therapy are in early stages of development. In particular, our product candidates, STRO-001 is in the dose escalation phase and STRO-002 is in the dose expansion phase of their respective Phase 1 clinical trials. Also, enrollment began in the second half of 2019 for patients in the Phase 1 clinical trial for CC-99712, a BCMA ADC candidate resulting from our BMS collaboration; and a Phase 1 clinical trial was initiated in the first quarter of 2021 for M1231, a MUC1-EGFR bispecific ADC resulting from our EMD Serono collaboration. Merck initiated patient dosing in a Phase 1 clinical trial for MK-1484 in July 2022, a product candidate resulting from our cytokine-derivative collaboration. Further, Vaxcyte began enrolling patients in a Phase 1/2 clinical trial of its lead product candidate, VAX-24, a 24-valent pneumococcal conjugate vaccine, in the first quarter of 2022. Additionally, we have programs that are in earlier stages of discovery and preclinical development and may never advance to clinical-stage development. 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, and we cannot guarantee you that we will ever obtain regulatory approval for any of our product candidates. We have limited experience in conducting and managing the clinical trials necessary to obtain regulatory approvals, including approval by the FDA. Before obtaining regulatory approval for the commercial distribution of our product candidates, we or an existing or future collaborator must conduct extensive preclinical tests and clinical trials to demonstrate the safety and efficacy in humans of our product candidates.

We may not have the financial resources to continue development of, or to modify existing or enter into new collaborations for, a product candidate if we experience any issues 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;

- product-related side effects experienced by patients in our clinical trials or by individuals using drugs or therapeutic biologics similar to our product candidates;

- difficulty achieving successful continued development of our internal manufacturing processes, including process development and scale-up activities to supply products for preclinical studies, clinical trials and commercial sale;

- our inability to successfully transfer our manufacturing expertise and techniques to third-party contract manufacturers;

•inability of us or any third-party contract manufacturer to scale up manufacturing of our product candidates and those of our collaborators to supply the needs of clinical trials and commercial sales, and to manufacture such products in conformity with regulatory requirements using our proprietary XpressCF® and XpressCF+® platforms;

•delays in submitting INDs or comparable foreign applications or delays or failures 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 patients in our clinical trials;

•high drop-out rates of our clinical trial patients;

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

•inability to obtain alternative sources of supply for which we have a single source for product candidate components or materials;

•occurrence of epidemics, pandemics or contagious diseases, such as the novel strain of coronavirus, and potential effects on our business, clinical trial sites, supply chain and manufacturing facilities;

•greater than anticipated costs of our clinical trials;

•harmful side effects or inability of our product candidates to meet efficacy endpoints during clinical trials;

•failure to demonstrate in our clinical trials a sufficient response rate or duration of response;

•failure to demonstrate a benefit-risk profile acceptable to the FDA or other regulatory agencies;

•unfavorable FDA or other regulatory agency inspection and review of one or more of our clinical trial sites or manufacturing facilities;

•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; and

•varying interpretations of our data by the FDA and similar foreign regulatory agencies.

We or our collaborators' inability to complete development of or commercialize our product candidates or significant delays in doing so due to one or more of these factors, could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our business is dependent on the success of our product candidates based on our proprietary XpressCF® and XpressCF+® platforms and, in particular, our proprietary product candidates, STRO-001 and STRO-002. Existing and future preclinical studies and clinical trials of our product candidates may not be successful. If we are unable to commercialize our product candidates or experience significant delays in doing so, our business will be materially harmed.

We have invested a significant portion of our efforts and financial resources in the development of our proprietary XpressCF® and XpressCF+® platforms and our proprietary product candidates, STRO-001 and STRO-002. Our ability to generate commercial product revenues, which we do not expect will occur for many years, if ever, will depend heavily on the successful development and eventual commercialization of STRO-001 and STRO-002. We have not previously submitted a new drug application, or NDA, or a biologics license application, or BLA, to the FDA, or similar regulatory approval filings to comparable foreign authorities, for any product candidate, and we cannot be certain that our product candidates will be successful in clinical trials or receive regulatory approval. Further, our product candidates may not receive regulatory approval even if they are successful in clinical trials. If we do not receive regulatory approvals for our

product candidates, we may not be able to continue our operations. Even if we successfully obtain regulatory approvals to market our product candidates, our revenues will be dependent, in part, upon the size of the markets in the territories for which we gain regulatory approval and have commercial rights. If the markets for patient subsets that we are targeting are not as significant as we estimate, we may not generate significant revenues from sales of such products, if approved.

We plan to seek regulatory approval to commercialize our product candidates both in the United States and in selected foreign countries. While the scope of regulatory approvals generally is similar in other countries, in order to obtain separate regulatory approvals in other countries, we must comply with numerous and varying regulatory requirements of such countries regarding safety and efficacy. Other countries also have their own regulations governing, among other things, clinical trials and commercial sales, as well as pricing and distribution of our product candidates, and we may be required to expend significant resources to obtain regulatory approval and to comply with ongoing regulations in these jurisdictions.

The success of STRO-001 and STRO-002 and our other future product candidates will depend on many factors, including the following:

•successful enrollment of patients in, and the completion of, our clinical trials;

•receiving required regulatory approvals for the development and commercialization of our product candidates;

•establishing our commercial manufacturing capabilities or making arrangements with third-party manufacturers;

•establishing successful technology transfers and collaborations to develop our product candidates with licensees, including our licensees with rights to STRO-001 and STRO-002 in Greater China;

•obtaining and maintaining patent, trademark and trade secret protection and non-patent exclusivity for our product candidates and their components;

•enforcing and defending our intellectual property rights and claims and avoiding or defending against intellectual property rights and claims from third parties;

•achieving desirable therapeutic properties for our product candidates' intended indications;

•launching commercial sales of our product candidates, if and when approved, whether alone or in collaboration with third parties;

•acceptance of our product candidates, if and when approved, by patients, the medical community and third-party payors;

•effectively competing with other therapies; and

•maintaining an acceptable safety profile of our product candidates through clinical trials and following regulatory approval.

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize our product candidates, which would materially harm our business, financial condition, results of operations and prospects.

Additionally, we have in the past and may in the future create benchmark molecules for comparative purposes. For example, we have created a benchmark FolRα targeting antibody-drug conjugate, or ADC, using conventional technology that results in a heterogeneous ADC mixture. We have compared STRO-002 to this benchmark molecule in multiple preclinical models. We believe the results of these tests help us understand how the therapeutic index of STRO-002 compares to competitors' product candidates. However, we cannot be certain that any benchmark molecule that we create is the same as the molecule we are attempting to recreate, and the results of the tests comparing any such benchmark molecule to any other potential or current product candidate may be different than the actual results of a head-to-head test of any such other potential or current product candidate against a competitor molecule. Additional preclinical and clinical testing will be needed to evaluate the therapeutic index of our potential or current product candidates, and to understand their therapeutic potential relative to other product candidates in development. While we believe our ADCs may be superior to other investigative agents in development, without head-to-head comparative data, we will not be able to make claims of superiority to other products in our promotional materials, if our product candidates are approved.

If we do not achieve our projected development goals in the time frames we anticipate and project, the commercialization of our products may be delayed and our stock price may decline.

From time to time, we estimate the timing of the anticipated accomplishment of various scientific, clinical, regulatory, commercial and other product development goals, which we sometimes refer to as milestones. These milestones may include the commencement or completion of scientific studies and clinical trials and the submission of regulatory filings. From time to time, we may publicly announce the expected timing of some of these milestones. All of these milestones are and will be based on numerous assumptions. The actual timing of these milestones can vary dramatically compared to our estimates, in some cases for reasons beyond our control. If we do not meet these milestones as publicly announced, or at all, the commercialization of our products may be delayed or never achieved and, as a result, our stock price may decline.

Our approach to the discovery and development of our therapeutic treatments is based on novel technologies, including unprecedented Immunostimulatory Antibody Drug Conjugate, or iADC, technology, that are unproven and may not result in marketable products.

We are developing a pipeline of product candidates using our proprietary XpressCF® and XpressCF+® platforms. We believe that product candidates identified with our product discovery platform may offer an improved therapeutic approach by taking advantage of precision design and rapid empirical optimization, thereby reducing the dose-limiting toxic effects associated with existing products. However, the scientific research that forms the basis of our efforts to develop product candidates based on our XpressCF® and XpressCF+® platforms is ongoing. Further, the scientific evidence to support the feasibility of developing therapeutic treatments based on our XpressCF® and XpressCF+® platforms is both preliminary and limited.

To date, we have tested our first clinical stage product candidates, STRO-001 and STRO-002, our partner BMS has tested CC-99712, and our partner EMD Serono has tested M1231 in a limited number of clinical trial patients. In addition, Vaxcyte has tested its lead product candidate, VAX-24, a 24-valent pneumococcal conjugate vaccine, in a limited number of clinical trial patients. We may ultimately discover that our XpressCF® and XpressCF+® platforms and any product candidates resulting therefrom do not possess certain properties required for therapeutic effectiveness. XpressCF® product candidates may also be unable to remain stable in the human body for the period of time required for the drug to reach the target tissue or they may trigger immune responses that inhibit the ability of the product candidate to reach the target tissue or that cause adverse side effects in humans. We currently have only limited data, and no conclusive evidence, to suggest that we can introduce these necessary properties into these product candidates derived from our XpressCF® and XpressCF+® platforms. We may spend substantial funds attempting to introduce these properties and may never succeed in doing so. In addition, product candidates based on our XpressCF® and XpressCF+® platforms may demonstrate different chemical and pharmacological properties in patients than they do in laboratory studies. Although our XpressCF® and XpressCF+® platforms and certain product candidates have produced successful results in animal studies, they may not demonstrate the same chemical and pharmacological properties in humans and may interact with human biological systems in unforeseen, ineffective or harmful ways. Further, in our oncology clinical trials to date, we have used achievement of stable disease as evidence for disease control (stable disease, partial response or complete response) by our product candidates; however, the FDA does not view stable disease as an objective response for the purposes of FDA approval.

We presented updated data from the dose escalation portion of our STRO-001 Phase 1 trial in December 2020. As of October 30, 2020, most treatment emergent adverse events were grade 1 or 2, with the most common grade 1-2 treatment emergent adverse events, or TEAEs, of nausea, fatigue, chills, anemia, headache, dyspnea, abdominal pain, vomiting, decreased appetite and pyrexia, and no ocular or neuropathy toxicity signals have been observed. Two grade 3 and no grade 4 treatment emergent adverse events were observed, one instance each of anemia and dyspnea. Subsequent to a previously announced protocol amendment in 2019 requiring pre-treatment screening imaging for patients at risk for thromboses, no thromboembolic events have been observed.

We presented updated data from the dose escalation portion of our STRO-002 Phase 1 trial in May 2021. Based on data from the trial through April 23, 2021, STRO-002 was generally well tolerated and was mostly associated with mild adverse events. Eighty-six percent (86%) of observed adverse events were grade 1 or grade 2. The most common Grade 3 and 4 TEAEs were reversible neutropenia (64%). Grade 3 arthralgia (13%), fatigue (10%), and neuropathy (8%) were observed and managed with standard medical treatment, including dose reductions or delays.

We released initial results of the dose-expansion portion of our STRO-002 Phase 1 trial in January 2022. Based on data from the trial through November 8, 2021, safety signals were generally consistent with data from the dose-escalation cohort. No new safety signals were observed in the dose-expansion cohort, including the absence of keratopathy, and 85.5% of TEAEs were Grade 1-2. Neutropenia was the leading TEAE, resulting in treatment delay or dose reduction. The majority of the cases of neutropenia were generally asymptomatic and resolved with a one-week dose delay or, in other cases, with standard medical treatment, including the use of granulocyte colony stimulating factor, or G-CSF, a type of

growth factor. There were limited observed cases of febrile neutropenia, including one Grade 5 event at the 5.2 mg/kg starting dose level and one Grade 3 event at the 4.3 mg/kg starting dose level. The trial protocol was subsequently updated to require dose reduction for Grade 4 neutropenia.

If product candidates based on our XpressCF® and XpressCF+® platforms are unable to demonstrate sufficient safety and efficacy data to obtain marketing approval, we may never succeed in developing a marketable product, we may not become profitable and the value of our common stock will decline. The regulatory approval process for novel product candidates such as ours can be more expensive and take longer than for other, better known or extensively studied product candidates. We are not aware of any company currently developing a therapeutic using our approach to ADC development and no regulatory authority has granted approval for such a therapeutic. We believe the FDA has limited experience with therapeutics in oncology or other disease areas developed in cell-free-based synthesis systems, which may increase the complexity, uncertainty and length of the regulatory approval process for our product candidates. For example, our XpressCF® ADC product candidates contain cleavable or non-cleavable linker-warhead combinations or novel warheads that may result in unforeseen events when administered in a human. We and our existing or future collaborators may never receive approval to market and commercialize any product candidate. Even if we or an existing or future collaborator obtains regulatory approval, the approval may be for targets, disease indications or patient populations that are not as broad as we intended or desired or may require labeling that includes significant use or distribution restrictions or safety warnings. We or an existing or future collaborator may be required to perform additional or unanticipated clinical trials to obtain approval or be subject to post-marketing testing requirements to maintain regulatory approval. If the products resulting from our XpressCF® platform prove to be ineffective, unsafe or commercially unviable, our entire platform and pipeline would have little, if any, value, which would have a material and adverse effect on our business, financial condition, results of operations and prospects.

Results of preclinical studies and early clinical trials may not be predictive of results of future clinical trials.

The outcome of preclinical studies and early clinical trials may not be predictive of the success of later clinical trials, and preliminary results of clinical trials do not necessarily predict success in future clinical trials. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials after achieving positive results in earlier development, and we could face similar setbacks. The design of a clinical trial can determine whether its results will support approval of a product, and flaws in the design of a clinical trial may not become apparent until the clinical trial is well advanced. While certain relevant members of our company have significant clinical experience, we in general have limited experience in designing clinical trials and may be unable to design and execute a clinical trial to support marketing approval. In addition, preclinical and clinical data are often susceptible to varying interpretations and analyses. Many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval for the product candidates. Even if we, or future collaborators, believe that the results of clinical trials for our product candidates warrant marketing approval, the FDA or comparable foreign regulatory authorities may disagree and may not grant marketing approval of our product candidates.

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 trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the dosing regimen and other clinical trial protocols and the rate of dropout among clinical trial patients. If we fail to receive positive results in clinical trials of our product candidates, the development timeline and regulatory approval and commercialization prospects for our most advanced product candidates, and, correspondingly, our business and financial prospects would be negatively impacted.

The market may not be receptive to our product candidates based on a novel therapeutic modality, and we may not generate any future revenue from the sale or licensing of product candidates.

Even if regulatory approval is obtained for a product candidate, we may not generate or sustain revenue from sales of the product due to factors such as whether the product can be sold at a competitive cost, competition in the therapeutic area(s) we have received or may receive approval for, and whether it will otherwise be accepted in the market. Historically, there have been concerns regarding the safety and efficacy of ADCs, and an ADC drug was voluntarily withdrawn from the market for an extended period of time. These historical concerns may negatively impact the perception market participants have on ADCs, including our product candidates. Additionally, the product candidates that we are developing are based on our proprietary XpressCF® and XpressCF+® platforms, which are new technologies. Market participants with significant influence over acceptance of new treatments, such as physicians and third-party payors, may not adopt an ADC product, or a product or treatment based on our novel cell-free production technologies, and we may not be able to convince the medical community and third-party payors to accept and use, or to provide

favorable reimbursement for, any product candidates developed by us or our existing or future collaborators. Market acceptance of our product candidates will depend on, among other factors:

- the timing of our receipt of any marketing and commercialization approvals;
- the terms of any approvals and the countries in which approvals are obtained;
- the safety and efficacy of our product candidates;
- the prevalence and severity of any adverse side effects associated with our product candidates;
- limitations or warnings contained in any labeling approved by the FDA or other regulatory authority;
- relative convenience and ease of administration of our product candidates;
- the willingness of patients to accept any new methods of administration;
- the success of our physician education programs;
- the availability of coverage and adequate reimbursement from government and third-party payors;
- the pricing of our products, particularly as compared to alternative treatments; and
- the availability of alternative effective treatments for the disease indications our product candidates are intended to treat and the relative risks, benefits and costs of those treatments.

Because our product candidates are based on new technology, we expect that they will require extensive research and development and have substantial manufacturing and processing costs. In addition, our estimates regarding potential market size for any indication may be materially different from what we discover to exist at the time we commence commercialization, if any, for a product, which could result in significant changes in our business plan and have a material adverse effect on our business, financial condition, results of operations and prospects. Moreover, if any product candidate we commercialize fails to achieve market acceptance, it could have a material and adverse effect on our business, financial condition, results of operations and prospects.

iADC is a novel technology, which makes it difficult to predict the time, risks and cost of development and of subsequently obtaining regulatory approval of our iADC product candidates.

Certain of our preclinical product candidates are based on our proprietary iADC technology. Some of our future success depends on the successful development of this technology and products based on it. To our knowledge, no regulatory authority has granted approval to any person or entity, including us, to market and commercialize therapeutics using our novel and unprecedented iADC technology. We may never receive approval to market and commercialize any potential iADC product candidate.

If we uncover any previously unknown risks related to our iADC technology, or if we experience unanticipated or unsolvable problems or delays in developing our iADC product candidates, we may be unable to complete our preclinical studies and clinical trials, meet the obligations of our collaboration and license agreements or commercialize our product candidates on a timely or profitable basis. If serious adverse events or unacceptable side effects are observed in preclinical studies or clinical trials of a product candidate based on our iADC technology, or if iADCs were shown to have limited efficacy, our ability to develop other product candidates based on our iADC technology would be adversely affected.

We have entered, and may in the future seek to enter, into collaborations with third parties for the development and commercialization of our product candidates using our XpressCF® and XpressCF+® platforms. If we fail to enter into such collaborations, or such collaborations are not successful, we may not be able to capitalize on the market potential of our XpressCF® and XpressCF+® platforms and resulting product candidates.

Since 2014, we have entered into collaborations with Astellas Pharma Inc., or Astellas, Merck Sharp & Dohme LLC., a subsidiary of Merck & Co., Inc., or Merck, Celgene Corporation, or Celgene, a wholly owned subsidiary of Bristol Myers Squibb Company, or BMS, Merck KGaA, Darmstadt Germany (operating in the United States under the name “EMD Serono”, the biopharmaceutical business of Merck KGaA, Darmstadt, Germany in the US), BioNova Pharmaceuticals Limited, or BioNova, and Tasly Biopharmaceuticals Co., Ltd, or Tasly, to develop and commercialize certain cancer and

other therapeutics. Our XpressCF® and XpressCF+® platforms have also supported a spin-out company, Vaxcyte Inc., focused on discovery and development of vaccines for the treatment and prophylaxis of infectious disease. In addition, we may in the future seek third-party collaborators for research, development and commercialization of other therapeutic technologies or product candidates. Biopharmaceutical companies are our prior and likely future collaborators for any marketing, distribution, development, licensing or broader collaboration arrangements. With respect to our existing collaboration agreements, and what we expect will be the case with any future collaboration agreements, we have and would expect to have limited control over the amount and timing of resources that our collaborators dedicate to the development or commercialization of our product candidates. Moreover, our ability to generate revenues from these arrangements will depend on our collaborators' abilities to successfully perform the functions assigned to them in these arrangements.

Collaborations involving our product candidates currently pose, and will continue to pose, the following risks to us:

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

•collaborators may not pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization programs based on preclinical studies or clinical trial results, changes in the collaborators' strategic focus or available funding, or external factors such as an acquisition that diverts resources or creates competing priorities;

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

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

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

•collaborators may not properly maintain or defend our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to litigation or potential liability;

•collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability;

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

•collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable product candidates.

As a result of the foregoing, our current and any future collaboration agreements may not lead to development or commercialization of our product candidates in the most efficient manner or at all. Moreover, if a collaborator of ours were to be involved in a business combination, the continued pursuit and emphasis on our product development or commercialization program could be delayed, diminished or terminated. Any failure to successfully develop or commercialize our product candidates pursuant to our current or any future collaboration agreements could have a material and adverse effect on our business, financial condition, results of operations and prospects.

To date, no product developed on a cell-free manufacturing platform has received approval from the FDA, so the requirements for the manufacturing of products using our XpressCF® and XpressCF+® platforms are uncertain.

We have invested in our own current Good Manufacturing Practices, or cGMP, compliant manufacturing facility in San Carlos, California. In this facility, we are developing and implementing novel cell-free production technologies to supply our planned preclinical and clinical trials. However, before we may initiate a clinical trial or commercialize any of our product candidates, we must demonstrate to the FDA that the chemistry, manufacturing and controls for our product candidates meet applicable requirements, and in the European Union, or EU, a manufacturing authorization must be

obtained from the appropriate EU regulatory authorities. The FDA has allowed Phase 1 clinical trial use of our product candidates STRO-001 and STRO-002 and our partner BMS's CC-99712 product candidate, and our partner EMD Serono's M1231 product candidate, and our partner Merck's MK-1484 product candidate, portions of which are manufactured in our San Carlos manufacturing facility; however, because no product manufactured on a cell-free manufacturing platform has yet been approved in the United States, there is no manufacturing facility that has demonstrated the ability to comply with FDA requirements for later stage clinical development or commercialization, and, therefore, the time frame for demonstrating compliance to the FDA's satisfaction is uncertain. Delays in establishing that our manufacturing process and facility comply with cGMPs or disruptions in our manufacturing processes, implementation of novel in-house technologies or scale-up activities, may delay or disrupt our development efforts.

We expect that development of our own manufacturing facility will provide us with enhanced control of material supply for preclinical studies, clinical trials and the commercial market, enable the more rapid implementation of process changes and allow for better long-term margins. However, we have limited experience as a company in establishing and operating a manufacturing facility and there exist only a small number of contract manufacturing organizations, or CMOs, with the experience necessary to manufacture our product candidates. We may have difficulty hiring experts for internal manufacturing or finding and maintaining relationships with external CMOs and, accordingly, our production capacity could be limited.

We have initiated technology transfers to enable large scale manufacture of extract and the reagents necessary to manufacture our products using our XpressCF® and XpressCF+® platforms. These large scale technology transfers may fail or be delayed, resulting in impacts to our development timelines and the costs associated with manufacturing our development products.

Our existing collaborations with Astellas, Merck, BMS, EMD Serono, Vaxcyte, BioNova and Tasly are important to our business. If our collaborators cease development efforts under our existing or future collaboration agreements, fail to fulfill their contract obligations, or if any of those agreements are terminated, these collaborations may fail to lead to commercial products and we may never receive milestone payments or future royalties under these agreements.

We have entered into collaborations with other biotechnology companies to develop or commercialize several of our product candidates, and such collaborations currently represent a significant portion of our product pipeline and discovery and preclinical programs. Substantially all of our revenue to date has been derived from our existing collaboration agreements with Merck, BMS, EMD Serono, Vaxcyte, and Tasly, and a significant portion of our future revenue and cash resources is expected to be derived from these agreements or other similar agreements into which we may enter in the future. Revenue from research and development collaborations depends upon continuation of the collaborations, payments for research and development and other services and product supply, and the achievement of milestones, contingent payments and royalties, if any, derived from future products developed from our research. If we are unable to successfully advance the development of our product candidates, achieve milestones or earn contingent payments under our collaboration agreements, future revenue and cash resources will be substantially less than expected.

We are unable to predict the success of our collaborations and we may not realize the anticipated benefits of our strategic collaborations. Our collaborators have discretion in determining and directing the efforts and resources, including the ability to discontinue all efforts and resources, they apply to the development and, if approval is obtained, commercialization and marketing of the product candidates covered by such collaborations. As a result, our collaborators may elect to de-prioritize our programs, change their strategic focus or pursue alternative technologies in a manner that results in reduced, delayed or no revenue to us. For example, Celgene, now BMS, was advancing four preclinical collaboration programs, one of which is CC-99712, an ADC targeting B-cell maturation antigen, or BCMA, for the treatment of multiple myeloma. BMS has worldwide development and commercialization rights with respect to this BCMA ADC, for which the FDA cleared the IND application, and a Phase 1 clinical trial has commenced enrolling patients. However, in 2019, Celgene, now BMS, decided to not exercise the option to acquire U.S. clinical development and commercialization rights to a second collaboration program and subsequently allowed the ex-U.S. rights to three additional collaboration programs (BCMA-CD3, PD1-LAG3, and PD1-TIM3) to revert to us at no cost to us. EMD Serono has advanced a collaboration program, M1231, a MUC1-EGFR bispecific ADC, into a Phase 1 clinical trial in the first quarter of 2021. EMD Serono has worldwide rights to M1231 and sole discretion in the clinical development and commercialization of this product. Additionally, in September 2021, Merck extended the research term for an additional two years for one target program covering two distinct cytokine derivative molecules for the treatment of cancer, to facilitate completion of preclinical research and development activities for a second candidate molecule with a novel design and approach. Merck initiated patient dosing in a Phase 1 clinical trial for MK-1484, the first cytokine derivative molecule under our collaboration, in July 2022. Merck has worldwide rights to MK-1484 and sole discretion in the clinical development and commercialization for this product candidate. Preclinical research for the second candidate molecule from this target program was completed in May 2022 and that molecule will not be developed further under our collaboration. In December 2021, Merck did not extend the research term for another target program of the collaboration and that program reverted to us. Our collaborators may have other marketed products and product candidates under collaboration with other companies, including some of our competitors, and their corporate objectives may not be

consistent with our best interests. Our collaborators may also be unsuccessful in developing or commercializing our products. If our collaborations are unsuccessful, our business, financial condition, results of operations and prospects could be adversely affected. Our collaborators may fail to live up to the terms of their agreements with us, which would require us to seek to enforce our agreements in accordance with the dispute resolution procedures set forth therein. These procedures may require us to engage in litigation or arbitration to enforce our rights, which can be expensive, time-consuming and distracting to our management and Board of Directors. Further, the type and timing of resolution of such disputes are difficult to predict; and there is the potential that we could fail to enforce our rights either in part or in whole. Lastly, even if we successfully enforce our rights under our agreements with our collaborators, there is the possibility that we could fail to recover our expectancy following the litigation or arbitration, particularly for collaborators that are not subject to the jurisdiction of U.S. courts.

In addition, any dispute or litigation proceedings we may have with our collaborators in the future could delay development programs, reduce or eliminate potential milestone or other payments, create uncertainty as to ownership of intellectual property rights, distract management from other business activities and generate substantial expense. For example, in February 2022, Tasly indicated to us that it would like to discuss and renegotiate the terms of the Tasly License Agreement; and in April 2022, we entered into an amendment to the Tasly License Agreement amending the initial payment and certain milestone payments. If we encounter similar situations with Tasly or other collaboration partners, we may fail to recognize the expected future revenue and may be unable to collaborate under the terms of the applicable arrangement.

Moreover, to the extent that any of our existing or future collaborators were to terminate a collaboration agreement, we may be forced to independently develop these product candidates, including funding preclinical studies or clinical trials, assuming marketing and distribution costs and defending intellectual property rights, or, in certain instances, abandon product candidates altogether, any of which could result in a change to our business plan and have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not successfully engage in strategic transactions, including any additional collaborations we seek, which could adversely affect our ability to develop and commercialize product candidates, impact our cash position, increase our expenses and present significant distractions to our management.

From time to time, we may consider strategic transactions, such as additional collaborations, acquisitions of companies, asset purchases and out- or in-licensing of product candidates or technologies that we believe will complement or augment our existing business. In particular, we will evaluate and, if strategically attractive, seek to enter into additional collaborations, including with major biotechnology or biopharmaceutical companies. The competition for collaborators is intense, and the negotiation process is time-consuming and complex. Any new collaboration may be on terms that are not optimal for us, and we may not be able to maintain any new collaboration if, for example, development or approval of a product candidate is delayed, sales of an approved product candidate do not meet expectations, or the collaborator terminates the collaboration. In addition, there have been a significant number of recent business combinations among large pharmaceutical companies that have resulted in a reduced number of potential future strategic partners. Our ability to reach a definitive agreement for a collaboration will depend, among other things, upon our assessment of the strategic partner's resources and expertise, the terms and conditions of the proposed collaboration and the proposed strategic partner's evaluation of a number of factors. These factors may include the design or results of clinical trials, the likelihood of approval by the FDA or similar regulatory authorities outside the United States, the potential market for the subject product candidate, the costs and complexities of manufacturing and delivering such product candidate to patients, the potential of competing products, the existence of uncertainty with respect to our ownership of technology, which can exist if there is a challenge to such ownership, without regard to the merits of the challenge, and industry and market conditions generally. Moreover, if we acquire assets with promising markets or technologies, we may not be able to realize the benefit of acquiring such assets due to an inability to successfully integrate them with our existing technologies and may encounter numerous difficulties in developing, manufacturing and marketing any new products resulting from a strategic acquisition that delay or prevent us from realizing their expected benefits or enhancing our business.

We cannot assure you that following any such collaboration, or other strategic transaction, we will achieve the expected synergies to justify the transaction. For example, such transactions may require us to incur non-recurring or other charges, increase our near- and long-term expenditures and pose significant integration or implementation challenges or disrupt our management or business. These transactions would entail numerous operational and financial risks, including exposure to unknown liabilities, disruption of our business and diversion of our management's time and attention in order to manage a collaboration or develop acquired products, product candidates or technologies, incurrence of substantial debt or dilutive issuances of equity securities to pay transaction consideration or costs, higher than expected collaboration, acquisition or integration costs, write-downs of assets or goodwill or impairment charges, increased amortization expenses, difficulty and cost in facilitating the collaboration or combining the operations and personnel of any acquired business, impairment of relationships with key suppliers, manufacturers or customers of any acquired business due to changes in management and ownership and the inability to retain key employees of any acquired business. Also, such strategic alliance, joint venture or acquisition may be prohibited. For example, our Loan and

Security Agreement, in the absence of the related lenders' prior written consent, restricts our ability to pursue certain mergers, acquisitions, amalgamations or consolidations that we may believe to be in our best interest.

Accordingly, although there can be no assurance that we will undertake or successfully complete any transactions of the nature described above, any transactions that we do complete may be subject to the foregoing or other risks and would have a material and adverse effect on our business, financial condition, results of operations and prospects. Conversely, any failure to enter any additional collaboration or other strategic transaction that would be beneficial to us could delay the development and potential commercialization of our product candidates and have a negative impact on the competitiveness of any product candidate that reaches market.

We expect to rely on third parties to conduct certain of our preclinical studies or clinical trials. If those third parties do not perform as contractually required, fail to satisfy regulatory or legal requirements or miss expected deadlines, our development program could be delayed with potentially material and adverse effects on our business, financial condition, results of operations and prospects.

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

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

If we are unable to obtain sufficient raw and intermediate materials on a timely basis or if we experience other manufacturing or supply difficulties, our business may be adversely affected.

The manufacture of certain of our product candidates requires the timely delivery of sufficient amounts of raw and intermediate materials. We work closely with our suppliers to ensure the continuity of supply, but cannot guarantee these efforts will always be successful. Further, while efforts are made to diversify our sources of raw and intermediate materials, in certain instances we acquire raw and intermediate materials from a sole supplier. While we believe that alternative sources of supply exist where we rely on sole supplier relationships, there can be no assurance that we will be able to quickly establish additional or replacement sources for some materials. A reduction or interruption in supply, and an inability to develop alternative sources for such supply, could adversely affect our ability to manufacture our product candidates in a timely or cost-effective manner.

We currently manufacture a portion of our product candidates internally and also rely on third-party manufacturing and supply partners to supply components of our product candidates. Our inability to manufacture sufficient quantities of our product candidates, or the loss of our third-party suppliers, or our or their failure to comply with applicable regulatory requirements or to supply sufficient quantities at acceptable quality levels or prices, or at all, would materially and adversely affect our business.

Manufacturing is a vital component of our business strategy. To ensure timely and consistent product supply we currently use a hybrid product supply approach wherein certain elements of our product candidates are manufactured internally at our manufacturing facilities in San Carlos, California, and other elements are manufactured at qualified third-party CMOs. Since our own manufacturing facilities may be limited or unable to manufacture certain of our preclinical and clinical trial product materials and supplies, we rely on third-party contract manufacturers to manufacture such clinical trial product materials and supplies for our or our collaborator's needs. For example, we have entered into a manufacturing agreement with EMD Millipore Corporation to provide manufacturing services for certain linker-warhead materials used in our STRO-001 product candidate and to perform conjugation of the applicable linker-warhead with the antibody component of our STRO-001 and STRO-002 product candidates. There can be no assurance that our preclinical and clinical development product supplies will not be limited, interrupted, or of satisfactory quality or continue to be available at acceptable prices. In particular, any replacement of our manufacturer could require significant effort and expertise because there may be a limited number of qualified replacements. In addition, replacement of a manufacturer may require a technology transfer to the new manufacturer, which involves technical risk that the transfer may not succeed or may be delayed, and which can incur significant costs.

The manufacturing process for a product candidate is subject to FDA and foreign regulatory authority review. We, and our suppliers and manufacturers, must meet applicable manufacturing requirements and undergo rigorous facility and process validation tests required by regulatory authorities in order to comply with regulatory standards, such as cGMPs. If we or our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or comparable foreign regulatory authorities, we may not be able to rely on our or their manufacturing facilities for the manufacture of elements of our product candidates. Moreover, we do not control the manufacturing process at our contract manufacturers and are completely dependent on them for compliance with current regulatory requirements. In the event that any of our manufacturers fails to comply with such requirements or to perform its obligations in relation to quality, timing or otherwise, or if our supply of components or other materials becomes limited or interrupted for other reasons, we may be forced to manufacture the materials ourselves or enter into an agreement with another third party, which we may not be able to do on reasonable terms, if at all. In some cases, the technical skills or technology required to manufacture our product candidates may be unique or proprietary to the original manufacturer and we may have difficulty applying such skills or technology ourselves, or in transferring such to another third party. These factors would increase our reliance on such manufacturer or require us to obtain a license from such manufacturer in order to enable us, or to have another third party, manufacture our product candidates. If we are required to change manufacturers for any reason, we will be required to verify that the new manufacturer maintains facilities and procedures that comply with quality standards and with all applicable regulations and guidelines; and we may be required to repeat some of the development program. The delays associated with the verification of a new manufacturer could negatively affect our ability to develop product candidates in a timely manner or within budget.

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

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

Additionally, we and our contract manufacturers may experience manufacturing difficulties due to resource constraints or as a result of labor disputes, unstable political environments, or epidemics, pandemics, or contagious diseases, such as the COVID-19 pandemic, or failures or delays in our manufacturing supply chain. For example, restrictions on travel imposed by governments, including China, or restrictions on person-in-plant permissions imposed by our contract manufacturers may limit the ability of our subject matter experts to visit our manufacturers and assist with technology transfers. If we or our contract manufacturers were to encounter interruptions from any of these events or other unforeseen events, our ability to provide our product candidates to patients in clinical trials, or to provide product for treatment of patients once approved, would be jeopardized.

We, or third-party manufacturers, may be unable to successfully scale-up manufacturing of our product candidates in sufficient quality and quantity, which would delay or prevent us from developing our product candidates and commercializing approved products, if any.

In order to conduct clinical trials of our product candidates, we will need to manufacture them in large quantities. We, or any manufacturing partners, may be unable to successfully increase the manufacturing capacity for any of our product candidates in a timely or cost-effective manner, or at all. In addition, quality issues may arise during scale-up activities. If we, or any manufacturing partners, are unable to successfully scale up the manufacture of our product candidates in sufficient quality and quantity, the development, testing, and clinical trials of that product candidate may be delayed or infeasible, and regulatory approval or commercial launch of any resulting product may be delayed or not obtained, which could significantly harm our business.

Scaling up a biologic manufacturing process is a difficult and uncertain task, and we may not be successful in transferring our production system or our third-party manufacturers may not have the necessary capabilities to complete the implementation and development process. If we are unable to adequately validate or scale-up the manufacturing process at our own manufacturing facilities or those of our current manufacturers, we will need to transfer to another manufacturer and complete the manufacturing validation process, which can be lengthy. If we are able to adequately validate and scale-up the manufacturing process for our product candidates at our manufacturing facility or with a contract manufacturer, we will still need to negotiate with such contract manufacturer an agreement for commercial supply and it is not certain we will be able to come to agreement on terms acceptable to us.

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

Our product candidates are considered to be biologics and the process of manufacturing biologics is complex, time-consuming, highly regulated and subject to multiple risks. We and our contract manufacturers must comply with cGMPs, regulations and guidelines for the manufacturing of biologics used in clinical trials and, if approved, marketed products. To date, we and our contract manufacturers have limited experience in the manufacturing of cGMP batches of our product candidates.

Manufacturing biologics is highly susceptible to product loss due to contamination, equipment failure, improper installation or operation of equipment, vendor or operator error, inconsistency in yields, variability in product characteristics and difficulties in scaling the production process. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered at our manufacturing facilities or those of our third-party manufacturers, such facilities may need to be closed for an extended period of time to investigate and remedy the contamination, which could delay clinical trials and adversely harm our business. Moreover, if the FDA determines that our manufacturing facilities or those of our third-party manufacturers are not in compliance with FDA laws and regulations, including those governing cGMPs, the FDA may deny BLA approval until the deficiencies are corrected or we replace the manufacturer in our BLA with a manufacturer that is in compliance.

In addition, there are risks associated with large scale manufacturing for clinical trials or commercial scale including, among others, cost overruns, potential problems with process scale-up, process reproducibility, stability issues, compliance with cGMPs, lot consistency, timely availability of raw materials and other technical challenges. Even if we or our collaborators obtain regulatory approval for any of our product candidates, there is no assurance that manufacturers will be able to manufacture the approved product to specifications acceptable to the FDA or other regulatory authorities, to produce it in sufficient quantities to meet the requirements for the potential launch of the product or to meet potential future demand. If our manufacturers are unable to produce sufficient quantities for clinical trials or for commercialization, commercialization efforts would be impaired, which would have an adverse effect on our business, financial condition, results of operations and prospects.

We cannot assure you that any stability or other issues relating to the manufacture of any of our product candidates or products will not occur in the future. If we or our third-party manufacturers were to encounter any of these difficulties, our ability to provide any product candidates to patients in planned clinical trials and products to patients, once approved, would be jeopardized. Any delay or interruption in the supply of clinical trial supplies could delay the completion of planned clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to commence new clinical trials at additional expense or terminate clinical trials completely. Any adverse developments affecting clinical or commercial manufacturing of our product candidates or products, such as epidemics, pandemics or contagious diseases, may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, or other interruptions in the supply of our product candidates or products. We may also have to take inventory write-offs and incur other charges and expenses for product candidates or products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives. Accordingly, failures or difficulties faced at any level of our supply chain could adversely affect our business and delay or impede the development and commercialization of any of our product candidates or products, if approved, and could have an adverse effect on our business, financial condition, results of operations and prospects.

As part of our process development efforts, we also may make changes to our manufacturing processes at various points during development, for various reasons, such as controlling costs, achieving scale, decreasing processing time, increasing manufacturing success rate or other reasons. Such changes carry the risk that they will not achieve their intended objectives, and any of these changes could cause our product candidates to perform differently and affect the results of our ongoing clinical trials or future clinical trials. In some circumstances, changes in the manufacturing process may require us to perform *ex vivo* comparability studies and to collect additional data from patients prior to undertaking more advanced clinical trials. For instance, changes in our process during the course of clinical development may require us to show the comparability of the product used in earlier clinical phases or at earlier portions of a trial to the product used in later clinical phases or later portions of the trial.

We may not be successful in our efforts to use our XpressCF® and* XpressCF+® *platforms to expand our pipeline of product candidates and develop marketable products.

The success of our business depends in large part upon our ability to identify, develop and commercialize products based on our XpressCF® and XpressCF+® platforms. STRO-001 and STRO-002 are our most advanced clinical stage programs and our preclinical and research programs may fail to identify other potential product candidates for clinical development for a number of reasons. Our research methodology may be unsuccessful in identifying potential product candidates or our potential product candidates may be shown to have harmful side effects or may have other characteristics that may make the products unmarketable or unlikely to receive marketing approval. If any of these events occur, we may be forced to abandon our development efforts for a program or for multiple programs, which would materially harm our business and could potentially cause us to cease operations. Research programs to identify new product candidates require substantial technical, financial and human resources. We may focus our efforts and resources on potential programs or product candidates that ultimately prove to be unsuccessful.

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

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

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

If companion diagnostics are developed in conjunction with clinical programs, the FDA may require regulatory approval of a companion diagnostic as a condition to approval of the product candidate. For example, if we use a diagnostic test to determine which patients are most likely to benefit from STRO-001 for the treatment of multiple myeloma and NHL by designing our pivotal trial or trials of STRO-001 in that indication to require that clinical trial patients have elevated CD74 expression as a criterion for enrollment, then we will likely be required to obtain FDA approval or clearance of a companion diagnostic, concurrent with approval of STRO-001, to test for elevated CD74 expression; we may also be required to demonstrate to the FDA the predictive utility of the companion diagnostic—namely, that the diagnostic selects for patients in whom the biologic therapy will be effective or more effective compared to patients not selected for by the diagnostic. Similarly, as we are developing STRO-002 for a potential indication in patients with elevated FolRα expression levels, we are likely to be required to obtain FDA approval or clearance of a companion diagnostic, concurrent with approval of STRO-002, to test for elevated FolRα expression. We do not have experience or capabilities in developing or commercializing diagnostics and plan to rely in large part on third parties to perform these functions. We have entered into an agreement to develop diagnostic assays suitable for use as a companion diagnostic for STRO-002. Companion diagnostics are subject to regulation by the FDA and foreign regulatory authorities as medical devices and require separate regulatory approval or clearance prior to commercialization. In addition, our partner BMS may be required to develop and obtain regulatory clearance for a companion diagnostic to assess BCMA expression in patients in connection with their development of CC-99712. Similarly, our partner EMD Serono may be required to develop and obtain regulatory clearance for companion diagnostics to assess MUC1 and EGFR expression in patients in connection with their development of M1231.

If we or our collaborators, or any third party, are unable to successfully develop companion diagnostics for our product candidates, or experience delays in doing so:

- the development of our product candidates may be adversely affected if we are unable to appropriately select patients for enrollment in our planned clinical trials;

- our product candidates may not receive marketing approval if their safe and effective use depends on a companion diagnostic; and

- we may not realize the full commercial potential of any product candidates that receive marketing approval if, among other reasons, we are unable to appropriately identify patients with the specific genetic alterations targeted by our product candidates.

In addition, although we believe genetic testing is becoming more prevalent in the diagnosis and treatment of various diseases and conditions, our product candidates may be perceived negatively compared to alternative treatments that do not require the use of companion diagnostics, either due to the additional cost of the companion diagnostic or the need to complete additional procedures to identify genetic markers prior to administering our product candidates. If any of these events were to occur, our business would be harmed, possibly materially.

We face competition from entities that have developed or may develop product candidates for cancer, including companies developing novel treatments and technology platforms. If these companies develop technologies or product candidates more rapidly than we do or their technologies are more effective, our ability to develop and successfully commercialize product candidates may be adversely affected.

The development and commercialization of drugs and therapeutic biologics is highly competitive. Our product candidates, if approved, will face significant competition and our failure to effectively compete may prevent us from achieving significant market penetration. Most of our competitors have significantly greater resources than we do and we may not be able to successfully compete. We compete with a variety of multinational biopharmaceutical companies, specialized biotechnology companies and emerging biotechnology companies, as well as with technologies and product candidates being developed at universities and other research institutions. Our competitors have developed, are developing or will develop product candidates and processes competitive with our product candidates and processes. Competitive therapeutic treatments include those that have already been approved and accepted by the medical community and any new treatments, including those based on novel technology platforms, that enter the market. We believe that a significant number of products are currently under development, and may become commercially available in the future, for the treatment of conditions for which we are trying, or may try, to develop product candidates. There is intense and rapidly evolving competition in the biotechnology, biopharmaceutical and antibody and immunoregulatory therapeutics fields. While we believe that our XpressCF® and XpressCF+® platforms, associated intellectual property and our scientific and technical know-how give us a competitive advantage in this space, competition from many sources exists or may arise in the future. Our competitors include larger and better funded biopharmaceutical, biotechnological and therapeutics companies, including companies focused on cancer immunotherapies, such as AstraZeneca PLC, BMS,

GlaxoSmithKline PLC, Johnson & Johnson, Merck Sharp & Dohme LLC, Novartis AG, Pfizer Inc., or Pfizer, Roche Holding Ltd, Sanofi S.A., and companies focused on ADCs, such as BMS, Pfizer, GlaxoSmithKline PLC, Daiichi Sankyo Company, Limited, Eisai, Co., Ltd., ImmunoGen, Inc., Eli Lilly & Company, Pfizer, Exelixis, Inc., Seagen, Inc., Genentech, Inc., or Genentech, Gilead Sciences Inc., Mersana Therapeutics, Inc., and ADC Therapeutics SA, as well as numerous small companies. Moreover, we also compete with current and future therapeutics developed at universities and other research institutions.

We are aware of several companies that are developing ADCs, cytokine derivatives, bispecific antibodies and cancer immunotherapies. Many of these companies are well-capitalized and, in contrast to us, have significant clinical experience, and may include our existing or future collaborators. In addition, these companies compete with us in recruiting scientific and managerial talent.

Our success will depend partially on our ability to develop and protect therapeutics that are safer and more effective than competing products. Our commercial opportunity and success will be reduced or eliminated if competing products are safer, more effective, or less expensive than the therapeutics we develop.

If our most advanced product candidates are approved, they will compete with a range of therapeutic treatments that are either in development or currently marketed. Currently marketed oncology drugs and therapeutics range from tumor targeting monoclonal antibodies, such as Johnson & Johnson's Darzalex; to ADCs, such as Genentech's Kadcyla; to immune checkpoint inhibitors, such as Merck's Keytruda; to T cell-engager immunotherapies, such as Amgen, Inc.'s Blincyto; and to CAR-T cell therapies, such as Gilead's Yescarta. In addition, numerous compounds are in clinical development for cancer treatment. The clinical development pipeline for cancer includes small molecules, antibodies, vaccines, cell therapies and immunotherapies from a variety of companies and institutions.

Many of our competitors, either alone or with strategic partners, have significantly greater financial, technical, manufacturing, marketing, sales, supply, and human resources or experience than we have. If we successfully obtain approval for any product candidate, we will face competition based on many different factors, including the safety and effectiveness of our products, the ease with which our products can be administered and the extent to which patients accept relatively new routes of administration, the timing and scope of regulatory approvals for these products, the availability and cost of manufacturing, marketing and sales capabilities, price, reimbursement coverage and patent position. Competing products could present superior treatment alternatives, including by being more effective, safer, less expensive, or marketed and sold more effectively than any products we may develop. Competitive products may make any products we develop obsolete or noncompetitive before we recover the expense of developing and commercializing our product candidates. Such competitors could also recruit our employees, which could negatively impact our level of expertise and our ability to execute our business plan.

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

We are highly dependent on the research and development, clinical development, manufacturing, and business development expertise of our management team, advisors and other specialized personnel. The loss of one or more members of our management team or other key employees or advisors could delay our research and development programs and have a material and adverse effect on our business, financial condition, results of operations and prospects. The relationships that our key managers have cultivated within our industry make us particularly dependent upon their continued employment with us. We are dependent on the continued service of our technical personnel because of the highly technical nature of our product candidates and XpressCF® and XpressCF+® platform technologies and the specialized nature of the regulatory approval process. Because our management team and key employees are not obligated to provide us with continued service, they could terminate their employment with us at any time without penalty. Our future success will depend in large part on our continued ability to attract and retain other highly qualified scientific, technical and management personnel, as well as personnel with expertise in clinical testing, manufacturing, governmental regulation and commercialization. We face competition for personnel from other companies, universities, public and private research institutions, government entities and other organizations. If we are unable to continue to attract and retain high-quality personnel, the rate and success at which we can discover and develop product candidates will be limited, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We will need to grow our organization, and we may experience difficulties in managing our growth and expanding our operations.

As of June 30, 2022, we had 242 full-time employees. As our development and commercialization plans and strategies develop, we expect to expand our employee base for managerial, operational, financial and other resources. In addition, we have limited experience in product development and began our first clinical trials for our first two product candidates in 2018 and 2019. As our product candidates enter and advance through preclinical studies and clinical trials, we will need to expand our development, regulatory and manufacturing capabilities or contract with other organizations to

provide these capabilities for us. In the future, we expect to have to manage additional relationships with collaborators or partners, suppliers and other organizations. Our ability to manage our operations and future growth will require us to continue to improve our operational, financial and management controls, reporting systems and procedures. We may not be able to implement improvements to our management information and control systems in an efficient or timely manner and may discover deficiencies in existing systems and controls. Our inability to successfully manage our growth and expand our operations could have a material and adverse effect on our business, financial condition, results of operations and prospects.

If any of our product candidates are approved for marketing and commercialization and we are unable to develop sales, marketing and distribution capabilities on our own or enter into agreements with third parties to perform these functions on acceptable terms, we will be unable to commercialize successfully any such future products.

We currently have limited sales, marketing and distribution capabilities or experience. If any of our product candidates are approved, we will need to develop additional internal sales, marketing and distribution capabilities to commercialize such products, which would be expensive and time consuming, or enter into collaborations with third parties to perform these services. If we decide to market our products directly, we will need to commit significant financial and managerial resources to develop a marketing and sales force with technical expertise and supporting distribution, administration and compliance capabilities. If we rely on third parties with such capabilities to market our products or decide to co-promote products with collaborators, we will need to establish and maintain marketing and distribution arrangements with third parties, and there can be no assurance that we will be able to enter into such arrangements on acceptable terms or at all. In entering into third-party marketing or distribution arrangements, any revenue we receive will depend upon the efforts of the third parties and there can be no assurance that such third parties will establish adequate sales and distribution capabilities or be successful in gaining market acceptance of any approved product. If we are not successful in commercializing any product approved in the future, either on our own or through third parties, our business, financial condition, results of operations and prospects could be materially and adversely affected.

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

Our future growth may depend, in part, on our ability to develop and commercialize our product candidates in foreign markets, for which we may rely on collaboration with third parties. We are not permitted to market or promote any of our product candidates before we receive regulatory approval from the applicable regulatory authority in that foreign market, and may never receive such regulatory approval for any of our product candidates. To obtain separate regulatory approval in many other countries, we must comply with numerous and varying regulatory requirements of such countries regarding safety and efficacy and governing, among other things, clinical trials and commercial sales, pricing and distribution of our product candidates, and we cannot predict success in these jurisdictions. If we fail to comply with the regulatory requirements in international markets and do not receive applicable marketing approvals, 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 will be adversely affected. We may not obtain foreign regulatory approvals on a timely basis, if at all. Our failure to obtain approval of any of our product candidates by regulatory authorities in another country may significantly diminish the commercial prospects of that product candidate and our business, financial condition, results of operations and prospects could be materially and adversely affected. Moreover, even if we obtain approval of our product candidates and ultimately commercialize our product candidates in foreign markets, we would be subject to the risks and uncertainties, including the burden of complying with complex and changing foreign regulatory, tax, accounting and legal requirements and reduced protection of intellectual property rights in some foreign countries.

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

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

Price controls imposed in the U.S. may affect our future profitability.

Recently there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in recent Executive Orders, several Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. Current and future presidential budget proposals and future legislation may contain further drug price control measures that could be enacted. Congress and current and future U.S. presidential administrations may continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures are increasingly 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. If such pricing controls are enacted and are set at unsatisfactory levels, our business, financial condition, results of operations and prospects could be materially and adversely affected.

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

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

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

As with all companies, 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, inappropriately share confidential and proprietary information externally, 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 material and adverse effect on our business, financial condition, results of operations and prospects, including the imposition of significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, the curtailment or restructuring of our operations, loss of eligibility to obtain approvals from the FDA, exclusion from participation in government contracting, healthcare reimbursement or other government programs, including Medicare and Medicaid, integrity oversight and reporting obligations, or reputational harm.

Moreover, our employees are increasingly utilizing social media tools and our website as a means of communication. Despite our efforts to monitor social media communications, there is risk that the unauthorized use of social media by our employees to communicate about our products or business, or any inadvertent disclosure of material, nonpublic information through these means, may result in violations of applicable laws and regulations, which may give rise to liability and result in harm to our business. In addition, there is also risk of inappropriate disclosure of sensitive information, which could result in significant legal and financial exposure and reputational damages that could potentially have a material adverse impact on our business, financial condition, results of operations and prospects.

We depend on our information technology systems, and any failure of these systems, or those of our CROs, third-party vendors, or other contractors or consultants we may utilize, could harm our business. Security breaches, cyber-attacks, loss of data, and other disruptions could compromise sensitive information related to our business or other personal information or prevent us from accessing critical information and expose us to liability, which could adversely affect our business, reputation, results of operations, financial condition and prospects.

We collect and maintain information in digital form that is necessary to conduct our business, and we are increasingly dependent on information technology systems and infrastructure to operate our business. In the ordinary course of our business, we collect, store and transmit large amounts of confidential information, including intellectual property, proprietary business information health information, and personal information. It is critical that we do so in a secure manner to maintain the confidentiality and integrity of such confidential information. We have established physical, electronic and organizational measures designed to safeguard and secure our systems to prevent a data security incident (for example: data breaches, viruses or other malicious code, coordinated attacks, data loss, phishing attacks, ransomware, denial of service attacks, or other security or information technology incidents caused by threat actors, technological vulnerabilities or human error), and rely on commercially available systems, software, tools, and monitoring to provide security for our information technology systems and the processing, transmission and storage of digital information. We have also outsourced elements of our information technology infrastructure, and as a result a number of third-party vendors may or could have access to our confidential information. Our internal information technology systems and infrastructure, and those of our current and any future collaborators, CROs, third-party vendors, contractors and consultants and other third parties on which we rely, are vulnerable to damage from computer viruses, malware, natural disasters, terrorism, war, telecommunication and electrical failures, cyber-attacks or cyber-intrusions over the Internet, attachments to emails, persons inside our organization, or persons with access to systems inside our organization.

The risk of a security breach or disruption or data loss, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. In addition, the prevalent use of mobile devices that access confidential information increases the risk of data security breaches, which could lead to the loss of confidential information or other intellectual property. The costs to us or our CROs or other contractors or consultants we may utilize to mitigate network security problems, bugs, viruses, worms, phishing attempts, malicious software programs and security vulnerabilities could be significant, and while we have implemented security measures designed to protect our data security and information technology systems, our efforts to address these problems may not be successful, and these problems could result in unexpected interruptions, delays, cessation of service and other harm to our business and our competitive position. We have incurred successful phishing attempts in the past, and although believe that these attempts were detected and neutralized without any compromise to our data and prior to any significant impact to our business and we have implemented additional measures to prevent such attacks, we may still be subject to similar attacks in the future. We are also aware of publicly disclosed security breaches at certain third-parties on which we rely, although we have not been informed of any resulting breach to our data. If such an event were to occur, whether to us or a third-party on which we rely, and cause interruptions in our operations, it could result in a material disruption of our product development programs. For example, the loss of clinical trial data from completed or ongoing or planned clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Moreover, if a computer security breach affects our systems or results in the unauthorized release of personally identifiable information, our reputation could be materially damaged. In addition, such a breach may require notification to governmental agencies, the media or individuals pursuant to various federal and state privacy and security laws, if applicable, including the Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and its implementing rules and regulations, as well as regulations promulgated by the Federal Trade Commission and state breach notification laws. We would also be exposed to a risk of loss or litigation and potential liability under laws, regulations and contracts that protect the privacy and security of personal information. For example, the California Consumer Privacy Act of 2018, or the CCPA, imposes a private right of action for security breaches that could lead to some form of remedy including regulatory scrutiny, fines, private right of action settlements, and other consequences. Compliance with these and any other applicable privacy and data security laws and regulations is a rigorous and time-intensive process, and we may be required to put in place additional mechanisms ensuring compliance with the new data protection rules and possible government oversight. Our failure to comply with such laws or to adequately secure the information we hold could result in significant liability or reputational harm and, in turn, a material adverse effect on our client base, member base and

revenue. Further, if we are unable to generate or maintain access to essential patient samples or data for our research and development and manufacturing activities for our programs, our business could be materially adversely affected.

Our information technology systems could face serious disruptions that could adversely affect our business.

Our information technology and other internal infrastructure systems, including corporate firewalls, servers, leased lines, and connection to the Internet, face the risk of systemic failure that could disrupt our operations. A significant disruption in the availability of our information technology and other internal infrastructure systems could cause interruptions and delays in our research and development and manufacturing work.

The terms of our Loan and Security Agreement require us to meet certain covenants and place restrictions on our operating and financial flexibility. If we raise additional capital through debt financing, the terms of any new debt could further restrict our ability to operate our business.

The Loan and Security Agreement is secured by a lien covering all of our assets, excluding our intellectual property. Subject to the terms of the Loan and Security Agreement, we have the option to prepay all, but not less than all, of the amounts borrowed under the Loan and Security Agreement, subject to certain penalty payments, prior to the March 1, 2024, maturity date, at which time all amounts borrowed will be due and payable.

The Loan and Security Agreement contains customary affirmative and negative covenants, indemnification provisions and events of default. The affirmative covenants include, among others, covenants requiring us to maintain our legal existence and governmental approvals, deliver certain financial reports and maintain certain intellectual property rights. The negative covenants include, among others, restrictions on transferring or licensing our assets, changing our business, incurring additional indebtedness, engaging in mergers or acquisitions, paying dividends or making other distributions, and creating other liens on our assets, in each case subject to customary exceptions. If we default under the Loan and Security Agreement, the lenders will be able to declare all obligations immediately due and payable and take control of our collateral, potentially requiring us to renegotiate our agreement on terms less favorable to us or to immediately cease operations. Further, if we are liquidated, the rights of Oxford and SVB to repayment would be senior to the rights of the holders of our common stock to receive any proceeds from the liquidation. Oxford, acting as collateral agent for the lenders, could declare a default under the Loan and Security Agreement upon the occurrence of any event that Oxford and SVB interpret as a material adverse change as defined under the Loan and Security Agreement, thereby requiring us to repay the loan immediately or to attempt to reverse the declaration of default through negotiation or litigation. Any declaration by the collateral agent of an event of default could significantly harm our business, financial condition, results of operations and prospects and could cause the price of our common stock to decline. If we raise any additional debt financing, the terms of such additional debt could further restrict our operating and financial flexibility.

If we do not comply with laws regulating the protection of the environment and health and human safety, our business could be affected adversely.

Our research, development and manufacturing involve the use of hazardous chemicals and materials, including radioactive materials. We maintain quantities of various flammable and toxic chemicals in our facilities in South San Francisco and San Carlos, California that are required for our research, development and manufacturing activities. We are subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of these hazardous chemicals and materials. We believe our procedures for storing, handling and disposing these materials in our South San Francisco and San Carlos facilities comply with the relevant guidelines of the two municipalities, the county of San Mateo, the state of California and the Occupational Safety and Health Administration of the U.S. Department of Labor. Although we believe that our safety procedures for handling and disposing of these materials comply with the standards mandated by applicable regulations, including employee and contractor training and procedures regarding safe handling and disposal, the risk of accidental or mistaken contamination or injury from these materials cannot be eliminated. If an accident occurs, we could be held liable for resulting damages, which could be substantial. We are also subject to numerous environmental, health and workplace safety laws and regulations, including those governing laboratory procedures, exposure to blood-borne pathogens and the handling of animals and biohazardous materials. Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of these materials or from other hazards potentially present in our workplaces, such as high voltage electricity, process steam or other hot material, liquid nitrogen or other cold material, materials stored under pressure, laboratory instruments that incorporate powerful lasers or magnets, sonic resonance, heavy machinery, and the like, this insurance may not provide adequate coverage against potential liabilities. While we maintain pollution legal liability insurance for our manufacturing facility in San Carlos, California, we do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological or hazardous materials in our other locations. Additional federal, state and local laws and regulations affecting our operations may be adopted in the future. We may incur substantial costs to comply with, and substantial fines or penalties if we violate, any of these laws or regulations.

Our current operations are in two cities in the San Francisco Bay Area, and we, or the third parties upon whom we depend, may be adversely affected by earthquakes or other natural disasters and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Our current operations are located in our facilities in South San Francisco and San Carlos, California. Any unplanned event, such as earthquake, flood, fire, explosion, extreme weather condition, epidemic, pandemic or contagious disease, power shortage, telecommunication failure or other natural or man-made accidents or incidents that result in us being unable to fully utilize our facilities, or the manufacturing facilities of our third-party contract manufacturers, may have a material and adverse effect on our ability to operate our business, particularly on a daily basis, and have significant negative consequences on our financial and operating conditions. Loss of access to these facilities may result in increased costs, delays in the development of our product candidates or interruption of our business operations. Earthquakes, epidemics, pandemics or contagious diseases, or other natural disasters could further disrupt our operations, and have a material and adverse effect on our business, financial condition, results of operations and prospects. If a natural disaster, power outage, epidemics, pandemics or contagious disease, or other events occurred that prevented us from using all or a significant portion of our headquarters, that damaged critical infrastructure, such as our research or manufacturing facilities or the manufacturing facilities of our third-party contract manufacturers, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans we have in place may prove inadequate in the event of a serious disaster or similar event. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans, which could have a material adverse effect on our business. As part of our risk management policy, we maintain insurance coverage at levels that we believe are appropriate for our business. However, in the event of an accident or incident at these facilities, we cannot assure you that the amounts of insurance will be sufficient to satisfy any damages and losses. In addition, the long-term effects of climate change on general economic conditions and the pharmaceutical industry in particular are unclear, and may heighten or intensify existing risk of natural disasters. If our facilities, or the manufacturing facilities of our third-party contract manufacturers, are unable to operate because of an accident or incident or for any other reason, even for a short period of time, any or all of our research and development programs may be harmed. Any business interruption could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flows, financial condition or results of operations.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could adversely affect our business and financial condition. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, legislation enacted in 2017, informally titled the Tax Cuts and Jobs Act, or the 2017 Tax Act, enacted many significant changes to the U.S. tax laws. Future guidance from the Internal Revenue Service and other tax authorities with respect to the 2017 Tax Act may affect us, and certain aspects of the 2017 Tax Act may be repealed or modified in future legislation. For example, the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, modified certain provisions of the 2017 Tax Act. Changes in corporate tax rates, the realization of net deferred tax assets relating to our operations, and the deductibility of expenses under the 2017 Tax Act or future reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future U.S. tax expense.

Our ability to use net operating loss carryforwards to offset taxable income could be limited.

We plan to use our current year operating losses to offset taxable income from any revenue generated from operations, including revenue from licensing and collaboration agreements and other similar transactions. To the extent that our taxable income exceeds any current year operating losses, we plan to use our net operating loss carryforwards from prior taxable years to offset income that would otherwise be taxable. Our net operating loss carryforwards generated in tax years ending on or prior to December 31, 2017, are only permitted to be carried forward for 20 years under applicable U.S. tax law. Under the 2017 Tax Act, as modified by the CARES Act, our federal net operating losses generated in tax years beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such federal net operating losses in tax years beginning after December 31, 2020, is limited to 80% of taxable income. It is uncertain if and to what extent various states will conform to the 2017 Tax Act or the CARES Act.

In addition, under Section 382 of the U.S. Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, if we experience an "ownership change" which is generally defined as a greater than 50% change, by value, in its equity ownership over a three-year period, our ability to use our pre-change net operating loss carryforwards to offset our post-change income may be limited. Based on Section 382 studies performed for certain prior periods, it is more likely than not that we experienced an ownership change on November 20, 2019, which imposed limitations on the use of our net operating losses arising before that date. In addition, we may have experienced other ownership changes in the past and may also experience ownership changes in the future as a result of equity offerings or other shifts in our stock ownership, some of which are outside our control. As a result, our use of federal NOL carryforwards could be limited. State net operating loss carryforwards may be similarly limited. In addition, at the state level, there may be periods during which the use of net operating losses is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. Any such limitations may result in greater tax liabilities than we would incur in the absence of such limitations and any increased liabilities could adversely affect our business, results of operations, financial position and cash flows.

Our investment in Vaxcyte is subject to risk

As of June 30, 2022, we held Vaxcyte common stock with a fair value of $34.0 million. Vaxcyte common stock is publicly traded and therefore subject to the various risk factors associated with any publicly traded company, including risks associated with Vaxcyte's business, its business outlook, cash flow requirements and financial performance, the state of the market and the general economic climate, including the impact of the COVID-19 pandemic. Vaxcyte common stock has been subject to substantial volatility, and the change in fair value of our interests in Vaxcyte will materially impact our reported net income or net loss in our financial statements.

Our financial results may be adversely affected by changes in accounting principles generally accepted in the United States.

Generally accepted accounting principles in the United States, or U.S. GAAP, are subject to interpretation by the Financial Accounting Standards Board, or the FASB, the American Institute of Certified Public Accountants, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. For example, in May 2014, the FASB issued accounting standards update No. 2014-09 (Topic 606), Revenue from Contracts with Customers, which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. We adopted this new accounting standard as of January 1, 2019. Any difficulties in implementing this guidance could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us. Additionally, the implementation of this guidance or a change in other principles or interpretations could have a significant effect on our financial results, and could affect the reporting of transactions completed before the announcement of a change. Furthermore, we have adopted Topic 606 through the modified retrospective method. This will impact the comparability of our financial results, which might lead investors to draw incorrect conclusions that could harm investor interest in holding or purchasing our equity.

Risks Related to Intellectual Property

If we are not able to obtain, maintain and enforce sufficient patent and other intellectual property protection for our technologies or product candidates, development and commercialization of our product candidates may be adversely affected.

Our success depends in part on our, our licensor's and our collaborators' ability to obtain and maintain patents and other forms of intellectual property rights, including in-licenses of intellectual property rights of others, for our product candidates, methods used to manufacture our product candidates and methods for treating patients using our product candidates, as well as our ability to preserve our trade secrets, to prevent third parties from infringing upon our proprietary rights and to operate without infringing upon the proprietary rights of others. We, our licensors and collaborators may not be able to apply for patents on certain aspects of our product candidates in a timely fashion or at all. Further, we, our licensors and collaborators may not be able to prosecute all necessary or desirable patent applications, or maintain, enforce and license any patents that may issue from such patent applications, at a reasonable cost or in a timely manner. It is also possible that we, our licensors and collaborators will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. It is also possible that we, our licensors, and our collaborators 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. We may not have the right to control the preparation, filing and prosecution of all patent applications that we license from third parties, or to maintain the rights to patents licensed to third parties. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. If our licensors 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. Also, 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, our licensors or collaborators were the first to make the inventions claimed in our patents or pending patent applications, or were the first to file for patent protection of such inventions, or if such patents rights may otherwise become invalid. Our existing issued and granted patents and any future patents we obtain may not be sufficiently broad to prevent others from using our technology or from developing competing products and technology. There is no guarantee that any of our pending patent applications will result in issued or granted patents, that any of our issued or granted patents will not later be found to be invalid or unenforceable or that any issued or granted patents will include claims that are sufficiently broad to cover our product candidates or to provide meaningful protection from our competitors. Moreover, the patent position of biotechnology and biopharmaceutical companies can be highly uncertain because it involves complex legal and factual questions. We will be able to protect our proprietary rights from unauthorized use by third parties only to the extent that our current and future proprietary technology and product candidates are covered by valid and enforceable patents or are effectively maintained as trade secrets. If third parties disclose or misappropriate our proprietary rights, it may materially and adversely affect our position in the market.

The U.S. Patent and Trademark Office, or USPTO, and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent process. There are situations in which noncompliance can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case. The standards applied by the USPTO and foreign patent offices in granting patents are not always applied uniformly or predictably. For example, there is no uniform worldwide policy regarding patentable subject matter or the scope of claims allowable in biotechnology and biopharmaceutical patents. As such, we do not know the degree of future protection that we will have on our proprietary products and technology. While we will endeavor to try to protect our product candidates with intellectual property rights such as patents, as appropriate, the process of obtaining patents is time consuming, expensive and sometimes unpredictable.

Once granted, patents may remain open to opposition, interference, re-examination, post-grant review, *inter partes* review, nullification or derivation action in court or before patent offices or similar proceedings for a given period after allowance or grant, during which time third parties can raise objections against such initial grant. In the course of such proceedings, which may continue for a protracted period of time, the patent owner may be compelled to limit the scope of the allowed or granted claims thus attacked, or may lose the allowed or granted claims altogether. In addition, there can be no assurance that:

- others will not or may not be able to make, use or sell compounds that are the same as or similar to our product candidates but that are not covered by the claims of the patents that we own or license;
- we or our licensors, or our existing or future collaborators are the first to make the inventions covered by each of our issued patents and pending patent applications that we own or license;
- we or our licensors, or our existing or future collaborators are the first to file patent applications covering certain aspects of our inventions;
- others will not independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- a third party may not challenge our patents and, if challenged, a court would hold that our patents are valid, enforceable and infringed;
- any issued patents that we own or have licensed will provide us with any competitive advantages, or will not be challenged by third parties;
- we may develop additional proprietary technologies that are patentable;
- the patents of others will not have a material or adverse effect on our business, financial condition, results of operations and prospects; and

•our competitors do not conduct research and development activities in countries where we do not have enforceable patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets.

If we or our licensors or collaborators fail to maintain the patents and patent applications covering our product candidates, our competitors might be able to enter the market, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

In addition, our 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.

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

In addition to seeking patent protection for certain aspects of our product candidates, we also consider trade secrets, including confidential and unpatented know-how important to the maintenance of our competitive position. We protect trade secrets and confidential and unpatented know-how, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to such knowledge, such as our employees, corporate collaborators, outside scientific collaborators, CROs, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants that obligate them to maintain confidentiality and assign their inventions to us. 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. 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 in the United States and certain foreign jurisdictions 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, 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, our competitive position would be harmed which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

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

Therapeutics in oncology or other disease areas developed in cell-free-based synthesis systems are a relatively new scientific field. We have obtained grants and issuances of, and have obtained a license from a third party on an exclusive basis to, patents related to our proprietary XpressCF® and XpressCF+® platforms. The issued patents and pending patent applications in the United States and in key markets around the world that we own or license claim many different methods, compositions and processes relating to the discovery, development, manufacture and commercialization of antibody-based and other therapeutics.

As the field of antibody-based therapeutics continues to mature, patent applications are being processed by national patent offices around the world. There is uncertainty about which patents will issue and, if they do, as to when, to whom, and with what claims. In addition, third parties may attempt to invalidate our intellectual property rights. Even if our rights are not directly challenged, disputes could lead to the weakening of our intellectual property rights. Our defense against any attempt by third parties to circumvent or invalidate our intellectual property rights could be costly to us, could require significant time and attention of our management and could have a material and adverse effect on our business, financial condition, results of operations and prospects or our ability to successfully compete.

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

Obtaining a valid and enforceable issued or granted patent covering our technology in the United States and worldwide can be extremely costly, and our or our licensors' or collaborators' intellectual property rights may not exist in some countries outside the United States or may be less extensive in some countries than in the United States. In jurisdictions where we or our licensors or collaborators have not obtained patent protection, competitors may seek to use our or their technology to develop their own products and further, may export otherwise infringing products to territories

where we or they have patent protection, but where it is more difficult to enforce a patent as compared to the United States. Competitor products may compete with our future products in jurisdictions where we do not have issued or granted patents or where our or our licensors' or collaborators' issued or granted patent claims or other intellectual property rights are not sufficient to prevent competitor activities in these jurisdictions. The legal systems of certain countries, particularly certain developing countries, make it difficult to enforce patents and such countries may not recognize other types of intellectual property protection, particularly relating to biopharmaceuticals. This could make it difficult for us or our licensors or collaborators to prevent the infringement of our or their patents or marketing of competing products in violation of our or their proprietary rights generally in certain jurisdictions. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial cost and divert our and our licensors' or collaborators' efforts and attention from other aspects of our business, could put our and our licensors' or collaborators' patents at risk of being invalidated or interpreted narrowly and our and our licensors' or collaborators' patent applications at risk of not issuing and could provoke third parties to assert claims against us or our licensors or collaborators. We or our licensors or collaborators may not prevail in any lawsuits that we or our licensors or collaborators initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful.

We generally file a provisional patent application first (a priority filing) at the USPTO. An international application under the Patent Cooperation Treaty, PCT, is usually filed within twelve months after the priority filing. Based on the PCT filing, national and regional patent applications may be filed in the United States, EU, Japan, Australia and Canada and, depending on the individual case, also in any or all of, inter alia, Brazil, China, Hong Kong, India, Israel, Mexico, New Zealand, South Africa, South Korea and other jurisdictions. We have so far not filed for patent protection in all national and regional jurisdictions where such protection may be available. In addition, we may decide to abandon national and regional patent applications before grant. Finally, the grant proceeding of each national or regional patent is an independent proceeding which may lead to situations in which applications might in some jurisdictions be refused by the relevant registration authorities, while granted by others. It is also quite common that depending on the country, various scopes of patent protection may be granted on the same product candidate or technology.

The laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws in the United States, and many companies have encountered significant difficulties in protecting and defending such rights in such jurisdictions. If we or our licensors or collaborators encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished and we may face additional competition from others in those jurisdictions. Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or any of our licensors or collaborators are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position in the relevant jurisdiction may be impaired and our business, financial condition, results of operations and prospects may be adversely affected.

We, our licensors or collaborators, or any future strategic partners may need to resort to litigation to protect or enforce our patents or other proprietary rights, all of which could be costly, time consuming, delay or prevent the development and commercialization of our product candidates, or put our patents and other proprietary rights at risk.

Competitors may infringe our patents or other intellectual property. If we were to initiate legal proceedings against a third party to enforce a patent covering one of our products or our technology, 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, for example, lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an allegation that an individual connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. The outcome following legal assertions of invalidity and unenforceability during patent litigation 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 one or more of our products or certain aspects of our platform technology. Such a loss of patent protection could have a material and adverse effect on our business, financial condition, results of operations and prospects. Interference or derivation 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 harmed if the prevailing party does not offer us a license on commercially reasonable terms or at all, or if a non-exclusive license is offered and our competitors gain access to the same technology. 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. There could also be public announcements of the results of hearings, motions, or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our common stock. Patents and other intellectual property rights also will not protect our technology if competitors design around our protected technology without legally infringing our patents or other intellectual property rights.

Intellectual property rights of third parties could adversely affect our ability to commercialize our product candidates, and we, our licensors or collaborators, or any future strategic partners may become subject to third party claims or litigation alleging infringement of patents or other proprietary rights or seeking to invalidate patents or other proprietary rights. We might be required to litigate or obtain licenses from third parties in order to develop or market our product candidates. Such litigation or licenses could be costly or not available on commercially reasonable terms.

We, our licensors or collaborators, or any future strategic partners may be subject to third-party claims for infringement or misappropriation of patent or other proprietary rights. There is a substantial amount of litigation, both within and outside the United States, involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits, interferences, oppositions and *inter partes* review proceedings before the USPTO, and corresponding foreign patent offices. For example, one of our European patents related to technology auxiliary to our XpressCF® platform was involved in an opposition proceeding at the European Patent Office, or EPO, and was revoked by the EPO in 2021. This will prevent us from asserting this patent against our competitors practicing otherwise infringing methods in relevant European countries where this patent has been granted. There are many issued and pending patents that might claim aspects of our product candidates and modifications that we may need to apply to our product candidates. There are also many issued patents that claim antibodies, portions of antibodies, cytokines, half-life extending polymers, linkers, cytotoxins, or other warheads that may be relevant for the products we wish to develop. Thus, it is possible that one or more organizations will hold patent rights to which we will need a license. If those organizations refuse to grant us a license to such patent rights on reasonable terms, we may be delayed or may not be able to market products or perform research and development or other activities covered by these patents which could have a material and adverse effect on our business, financial condition, results of operations and prospects. We are obligated under certain of our license and collaboration agreements to indemnify and hold harmless our licensors or collaborators for damages arising from intellectual property infringement by use. For example, we are obligated under the Stanford Agreement to indemnify and hold harmless Stanford for damages arising from intellectual property infringement by us resulting from exercise of the license from Stanford. If we, our licensors or collaborators, or any future strategic partners are found to infringe a third-party patent or other intellectual property rights, we could be required to pay damages, potentially including treble damages, if we are found to have infringed willfully. In addition, we, our licensors or collaborators, or any future strategic partners may choose to seek, or be required to seek, a license from a third party, which may not be available on acceptable terms, if at all. Even if a license can be obtained on acceptable terms, the rights may be non-exclusive, which could give our competitors access to the same technology or intellectual property rights licensed to us. If we fail to obtain a required license, we or our existing or future collaborators may be unable to effectively market product candidates based on our technology, which could limit our ability to generate revenue or achieve profitability and possibly prevent us from generating revenue sufficient to sustain our operations. In addition, we may find it necessary to pursue claims or initiate lawsuits to protect or enforce our patent or other intellectual property

rights. The cost to us in defending or initiating any litigation or other proceeding relating to patent or other proprietary rights, even if resolved in our favor, could be substantial, and litigation could divert our management's attention. 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. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could delay our research and development efforts and limit our ability to continue our operations.

Because the antibody-based therapeutics landscape is still evolving, it is difficult to conclusively assess our freedom to operate without infringing on third-party rights. There are numerous companies that have pending patent applications and issued patents broadly covering antibodies generally, covering antibodies directed against the same targets as, or targets similar to, those we are pursuing, or covering linkers and cytotoxic warheads similar to those that we are using in our product candidates. For example, we are aware of an issued patent, expected to expire in 2023, which has claims relating to methods of treating CD74-positive multiple myeloma with an ADC targeting CD74. As another example, we are aware of another issued patent, expected to expire in 2031, that relates to strained alkyne reagents that can be used as synthetic precursors for certain of our linker-warheads. We are also aware of an issued patent expected to expire in 2028, relating to methods for targeting maytansinoids to a selected population of cells with a cell-binding agent conjugated to a maytansinoid with a non-cleavable linker. We are further aware of a published patent application relating to certain conjugates comprising a genus of hemiasterlin derivatives that, if the claims were to issue as they are currently presented to the United States Patent and Trademark Office for examination, may be potentially relevant to products incorporating our hemiasterlin-derived linker-warhead. If any of these patents are valid and not yet expired when, and if, we receive marketing approval for STRO-001 or STRO-002, as applicable, we may need to seek a license to one or more of these patents, each of which may not be available on commercially reasonable terms or at all. Failure to receive a license to any of these patents, or other potentially relevant patents currently unknown to us, could delay commercialization of STRO-001 or STRO-002. Our competitive position may suffer if patents issued to third parties or other third-party intellectual property rights cover our products or product candidates or elements thereof, or our manufacture or uses relevant to our development plans. In such cases, we may not be in a position to develop or commercialize products or product candidates until such patents expire or unless we successfully pursue litigation to nullify or invalidate the third-party intellectual property right concerned, or enter into a license agreement with the intellectual property right holder, if available on commercially reasonable terms. There may be issued patents of which we are not aware, held by third parties that, if found to be valid and enforceable, could be alleged to be infringed by our XpressCF® and XpressCF+® platforms and related technologies and product candidates. There also may be pending patent applications of which we are not aware that may result in issued patents, which could be alleged to be infringed by our XpressCF® and XpressCF+® platforms and related technologies and product candidates. If such an infringement claim should be brought and be successful, we may be required to pay substantial damages, including potentially treble damages and attorneys' fees for willful infringement, and we may be forced to abandon our product candidates or seek a license from any patent holders. No assurances can be given that a license will be available on commercially reasonable terms, if at all.

It is also possible that we have failed to identify relevant third-party patents or applications. For example, U.S. applications filed before November 29, 2000, and certain U.S. applications filed after that date that will not be filed outside the United States remain confidential until patents issue. Patent applications in the United States and elsewhere are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering our products or platform technologies could have been filed by others without our knowledge. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover our platform technologies, our products or the use of our products. Third-party intellectual property right holders may also actively bring infringement claims against us. We cannot guarantee that we will be able to successfully settle or otherwise resolve such infringement claims. If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage in or continue costly, unpredictable and time-consuming litigation and may be prevented from or experience substantial delays in marketing our products. Parties making claims against us may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation or administrative proceedings, there is a risk that some of our confidential information could be compromised by disclosure. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have material adverse effect on our ability to raise additional funds or otherwise have a material adverse effect on our business, results of operations, financial condition and prospects. If we fail in any such dispute, in addition to being forced to pay damages, we may be temporarily or permanently prohibited from commercializing any of our product candidates that are held to be infringing. We might, if possible, also be forced to redesign product candidates so that we no longer infringe the third-party intellectual property rights. Any of these events, even if we were ultimately to prevail, could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business and could have a material and adverse effect on our business, financial condition, results of operations and prospects.

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

Litigation or other legal proceedings relating to intellectual property claims, with or without merit, is unpredictable and generally expensive and time consuming and is likely to divert significant resources from our core business, including distracting our technical and management personnel from their normal responsibilities. 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. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Moreover, 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 adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating or from successfully challenging our intellectual property rights. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

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

Our current licenses impose, and any future licenses we enter into are likely to impose, various development, commercialization, funding, milestone, royalty, diligence, sublicensing, insurance, patent prosecution and enforcement and/or other obligations on us. If we breach any of these obligations, or use the intellectual property licensed to us in an unauthorized manner, we may be required to pay damages and the licensor may have the right to terminate the license, which could result in us being unable to develop, manufacture and sell any future products that are covered by the licensed technology or enable a competitor to gain access to the licensed technology. Moreover, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing or otherwise violating the licensor's rights. In addition, while we cannot determine currently the amount of the royalty obligations we would be required to pay on sales of future products, if any, the amounts may be significant. The amount of our future royalty obligations will depend on the technology and intellectual property we use in products that we successfully develop and commercialize, if any. Therefore, even if we successfully develop and commercialize products, we may be unable to achieve or maintain profitability.

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

•the scope of rights granted under the license agreement and other interpretation-related issues;

•the extent to which our product candidates, technologies and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;

•the sublicensing of patent and other rights under our collaborative development relationships;

•our diligence obligations under the license agreement and what activities satisfy those diligence obligations;

•the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and

•the priority of invention of patented technology.

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

We may be subject to claims that we or our employees or consultants have wrongfully used or disclosed alleged trade secrets of our employees' or consultants' former employers or their clients. These claims may be costly to defend and if we do not successfully do so, we may be required to pay monetary damages and may lose valuable intellectual property rights or personnel.

Many of our employees were previously employed at universities or biotechnology or biopharmaceutical companies, including our competitors or potential competitors. Although no claims against us are currently pending, we may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. A loss of key research personnel or their work product could hamper our ability to commercialize, or prevent us from commercializing, our product candidates, which could severely harm our business. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

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

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, we may be open to competition from competitive products, including generics or biosimilars. 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 portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

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.

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/or 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.

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

Changes in either the patent laws or interpretation of the patent laws in the United States or in other ex-U.S. jurisdictions could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. In the United States, numerous recent changes to the patent laws and proposed changes to the rules of the USPTO that may have a significant impact on our ability to protect our technology and enforce our intellectual property rights. For example, the America Invents Act, enacted within the last several years involves significant changes in patent legislation. The U.S. Supreme Court has ruled on several patent cases in recent years, some of which cases either narrow the scope of patent protection available in certain circumstances or weaken the rights of patent owners in certain situations. For example, the decision by the U.S. Supreme Court in Association for Molecular Pathology v. Myriad Genetics, Inc. precludes a claim to a nucleic acid having a stated nucleotide sequence that is identical to a sequence found in nature and unmodified. We currently are not aware of an immediate impact of this decision on our patents or patent applications because we are developing product candidates that contain modifications that we believe are not found in nature. However, this decision has yet to be clearly interpreted by courts and by the USPTO. We cannot assure you that the interpretations of this decision or subsequent rulings will not adversely impact our patents or patent applications. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U.S. Congress, the federal courts and the USPTO, and similar legislative and regulatory bodies in other countries in which we may pursue patent protection, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future.

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

Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names 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. If we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to Government Regulation

Clinical development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results. If we are unable to develop, obtain regulatory approval for and commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.

All of our product candidates are in preclinical or early clinical development and their risk of failure is high. It is impossible to predict when or if any of our product candidates will receive regulatory approval. Before obtaining marketing approval from regulatory authorities for the sale of any product candidate, we must complete preclinical studies and then conduct extensive clinical trials to demonstrate the safety and efficacy of our product candidates in humans. Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the development process. The results of preclinical studies and early clinical trials of our product candidates may not be predictive of the results of later-stage 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 studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or safety profiles, notwithstanding promising results in earlier trials.

We commenced a Phase 1 clinical trial of STRO-001, an ADC directed against CD74, for certain cancers in April 2018 and commenced a STRO-002 Phase 1 trial focused on ovarian and endometrial cancers in March 2019. Additionally, in the fourth quarter of 2021, we initiated a new cohort of the Phase 1 study of STRO-002 for endometrial cancer and an additional Phase 1 study for the treatment of ovarian cancer with STRO-002 in combination with bevacizumab. Commencing our future clinical trials is subject to finalizing the trial design and submitting an IND or similar submission with the FDA or similar foreign regulatory authority. Even after we submit our IND or comparable submissions in other jurisdictions, the FDA or other regulatory authorities could disagree that we have satisfied their requirements to commence our clinical trials or disagree with our study design, which may require us to complete additional preclinical studies or amend our protocols or impose stricter conditions on the commencement of clinical trials.

We or our collaborators may experience delays in completing our preclinical studies and initiating or completing clinical trials of our product candidates. We do not know whether planned preclinical studies and clinical trials will be completed on schedule or at all, or whether planned clinical trials will begin on time, need to be redesigned, have patients enrolled on time or be completed on schedule, if at all. We or our collaborators may experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent our ability to receive marketing approval to commercialize our product candidates. Our development programs may be delayed for a variety of reasons, including delays related to:

- the FDA or other regulatory authorities requiring us or our collaborators to submit additional data or imposing other requirements before permitting us to initiate a clinical trial;
- obtaining regulatory approval to commence a clinical trial;
- the FDA or other regulatory authorities placing a clinical trial on clinical hold;
- a temporary U.S. federal government shutdown;
- reaching agreement on acceptable terms with prospective CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical trial sites;
- clinical trials of our product candidates producing negative or inconclusive results, and we or our collaborators deciding, or regulators requiring us, to conduct additional clinical trials, including testing in more subjects, or abandoning product development programs;
- third-party contractors used by us or our collaborators failing to comply with regulatory requirements or meeting their contractual obligations in a timely manner, or at all;
- obtaining institutional review board, or IRB, approval at each clinical trial site;
- recruiting suitable patients to participate in a clinical trial;

•developing and validating any companion diagnostic that would be used in a clinical trial;

•developing and validating an appropriate scoring algorithm to support a biomarker enrichment strategy for certain of our product candidates;

•cost of clinical trials being greater than anticipated;

•the supply or quality of our product candidates or other materials necessary to conduct clinical trials of our product candidates being insufficient or inadequate;

•having patients complete a clinical trial or return for post-treatment follow-up;

•clinical trial sites deviating from trial protocol or dropping out of a trial;

•adding new clinical trial sites;

•epidemics, pandemics or contagious diseases, such as COVID-19; or

•manufacturing sufficient quantities of our product candidates for use in clinical trials.

Patient enrollment, a significant factor in the timing of clinical trials, is affected by many factors including the size and nature of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the product candidate being studied in relation to other available therapies, including any new drugs or therapeutic biologics that may be approved for the indications being investigated by us. Furthermore, we expect to rely on our collaborators, CROs and clinical trial sites to ensure the proper and timely conduct of our clinical trials and, while we expect to enter into agreements governing their committed activities, we have limited influence over their actual performance.

We could encounter delays if prescribing physicians encounter unresolved ethical issues associated with enrolling patients in clinical trials of our product candidates in lieu of prescribing existing treatments that have established safety and efficacy profiles.

Further, a clinical trial may be suspended or terminated by us, our collaborators, the IRBs of the institutions in which such trials are being conducted, the Data Safety Monitoring Board for such trial, or placed on clinical hold by the FDA or other regulatory authorities due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug or therapeutic biologic, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. If we experience delays in the completion of, or termination of, any clinical trial of our product candidates, the commercial prospects of our product candidates will be harmed, and our ability to generate product revenues from any of these product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product development and approval process and jeopardize our ability to commence product sales and generate revenues. Any of these occurrences could materially and adversely affect our business, financial condition, results of operations and prospects. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

We and/or our collaborators may be unable to obtain, or may be delayed in obtaining, 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 and therapeutic biologics. Rigorous preclinical testing and clinical trials and an extensive regulatory approval process are required to be completed successfully in the United States and in many foreign jurisdictions before a new drug or therapeutic biologic 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, either alone or with our collaborators, will obtain the regulatory approvals necessary for us or our existing or future collaborators to begin selling them.

Although our employees have experience in conducting and managing clinical trials from prior employment at other companies, we, as a company, have no prior 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, and may be further delayed due to one or more temporary federal government shutdowns. The standards that the FDA and its foreign counterparts use when regulating us require judgment and can change, which makes it difficult to predict with certainty their application. 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 or our collaborators 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 the impact of such changes, if any. For example, the Oncology Center of Excellence within the FDA has recently advanced Project Optimus, which is an initiative to reform the dose optimization and dose selection paradigm in oncology drug development to emphasize selection of an optimal dose, which is a dose or doses that maximizes not only the efficacy of a drug but the safety and tolerability as well. This shift from the prior approach, which generally determined the maximum tolerated dose, may require sponsors to spend additional time and resources to further explore a product candidate's dose-response relationship to facilitate optimum dose selection in a target population. Other recent Oncology Center of Excellence initiatives have included Project FrontRunner, a new initiative with a goal of developing a framework for identifying candidate drugs for initial clinical development in the earlier advanced setting rather than for treatment of patients who have received numerous prior lines of therapies or have exhausted available treatment options. We are considering these policy changes as they relate to our programs.

Given that the product candidates we are developing, either alone or with our collaborators, represent a new approach to the manufacturing and type of therapeutic biologics, the FDA and its foreign counterparts have not yet established any definitive policies, practices or guidelines in relation to these product candidates. Moreover, the FDA may respond to any BLA that we may submit by defining requirements that we do not anticipate. Such responses could delay 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. Furthermore, in recent years, there has been increased public and political pressure on the FDA with respect to the approval process for new drugs and therapeutic biologics, and FDA standards, especially regarding product safety, appear to have become more stringent.

Any delay or failure in obtaining required approvals could have a material and 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 on the labeling or other restrictions. In addition, the FDA has the authority to require a risk evaluation and mitigation strategy, or REMS, as part of a BLA or after approval, which may impose further requirements or restrictions on the distribution or use of an approved 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 process 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. FDA approval does not ensure approval by regulatory authorities outside the United States and vice versa. Any delay or failure to obtain U.S. or foreign regulatory approval for a product candidate could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Delays in obtaining regulatory approval of our manufacturing process may delay or disrupt our commercialization efforts. To date, no product using a cell-free manufacturing process in the United States has received approval from the FDA.

Before we can begin to commercially manufacture our product candidates in third-party or our own facilities, we must obtain regulatory approval from the FDA for a BLA that describes in detail the chemistry, manufacturing, and controls for the product. A manufacturing authorization must also be obtained from the appropriate EU regulatory authorities. The timeframe required to obtain such approval or authorization is uncertain. In addition, we must pass a pre-approval inspection of our manufacturing facility by the FDA before any of our product candidates can obtain marketing approval, if ever. In order to obtain approval, we will need to ensure that all of our processes, methods and equipment are compliant with cGMP, and perform extensive audits of vendors, contract laboratories and suppliers. If any of our vendors, contract laboratories or suppliers is found to be out of compliance with cGMP, we may experience delays or disruptions in manufacturing while we work with these third parties to remedy the violation or while we work to identify suitable replacement vendors. The cGMP requirements govern quality control of the manufacturing process and documentation policies and procedures. In complying with cGMP, we will be obligated to expend time, money and effort in production, record keeping and quality control to assure that the product meets applicable specifications and other requirements. If we fail to comply with these requirements, we would be subject to possible regulatory action and may not be permitted to sell any products that we may develop.

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

Any regulatory approvals that we or our existing or future collaborators obtain for our product candidates may also be subject to limitations on the approved indicated uses for which a product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing testing, including Phase 4 clinical trials, and surveillance to monitor the safety and efficacy of the product candidate.

In addition, if the FDA or a comparable foreign regulatory authority approves any of our product candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, import, export, advertising, promotion and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. The FDA has significant post-market authority, including the authority to require labeling changes based on new safety information and to require post-market studies or clinical trials to evaluate safety risks related to the use of a product or to require withdrawal of the product from the market. The FDA also has the authority to require a REMS plan after approval, which may impose further requirements or restrictions on the distribution or use of an approved drug or therapeutic biologic. The manufacturing facilities we use to make a future product, if any, will also be subject to periodic review and inspection by the FDA and other regulatory agencies, including for continued compliance with cGMP requirements. The discovery of any new or previously unknown problems with our third-party manufacturers, manufacturing processes or facilities may result in restrictions on the product, manufacturer or facility, including withdrawal of the product from the market. If we rely on third-party manufacturers, we will not have control over compliance with applicable rules and regulations by such manufacturers. Any product promotion and advertising will also be subject to regulatory requirements and continuing regulatory review. If we or our existing or future collaborators, manufacturers or service providers fail to comply with applicable continuing regulatory requirements in the United States or foreign jurisdictions in which we seek to market our products, we or they may be subject to, among other things, fines, warning letters, holds on clinical trials, delay of approval or refusal by the FDA or similar foreign regulatory bodies to approve pending applications or supplements to approved applications, suspension or withdrawal of regulatory approval, product recalls and seizures, administrative detention of products, refusal to permit the import or export of products, operating restrictions, injunction, civil penalties and criminal prosecution.

Subsequent discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

•restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market or voluntary or mandatory product recalls;

•fines, warning or untitled letters or holds on clinical trials;

•refusal by the FDA to approve pending applications or supplements to approved applications filed by us or our strategic partners;

•suspension or revocation of product license approvals;

•product seizure or detention or refusal to permit the import or export of products; and

•injunctions or the imposition of civil or criminal penalties.

The FDA policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability, which would adversely affect our business.

We also cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action, either in the United States or abroad.

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, statutory, regulatory and policy changes, the FDA's ability to hire and retain key personnel and accept the payment of user fees, and other events that may otherwise affect the FDA's ability to perform routine functions. In addition, government funding of other government agencies that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable. Disruptions at the FDA and other agencies may also slow the time necessary for new drugs to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years, including for 35 days beginning on December 22, 2018, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough critical employees and stop critical activities.

The ability of the FDA and other government agencies to properly administer their functions is highly dependent on the levels of government funding and the ability to fill key leadership appointments, among various factors. Delays in filling or replacing key positions could significantly impact the ability of the FDA and other agencies to fulfill their functions, and could greatly impact healthcare and the pharmaceutical industry.

Separately, in response to the COVID-19 pandemic, on March 10, 2020, the FDA announced its intention to postpone most foreign inspections of manufacturing facilities and, subsequently, on March 18, 2020, the FDA temporarily postponed routine surveillance inspections of domestic manufacturing facilities. Regulatory authorities outside the United States may adopt similar restrictions or other policy measures in response to the COVID-19 pandemic. Subsequently, on July 10, 2020, the FDA announced its intention to resume certain on-site inspections of domestic manufacturing facilities subject to a risk-based prioritization system. The FDA intends to use this risk-based assessment system to identify the categories of regulatory activity that can occur within a given geographic area, ranging from mission critical inspections to resumption of all regulatory activities. Regulatory authorities outside the United States may adopt similar restrictions or other policy measures in response to the COVID-19 pandemic. If a prolonged government shutdown occurs, or if global health concerns continue to prevent the FDA or other regulatory authorities from conducting their regular inspections, reviews, or other regulatory activities, it could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

We may face difficulties from healthcare legislative reform measures.

Existing regulatory 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.

In the United States, there have been and continue to be a number of legislative initiatives to contain healthcare costs. For example, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Healthcare and Education Reconciliation Act, or together, the ACA, was enacted, which substantially changed the way healthcare is financed by both governmental and private insurers, and significantly impacts the U.S. pharmaceutical industry.

There have been legislative and judicial efforts to modify, repeal or otherwise invalidate all or certain aspects of the ACA, including measures taken during the former presidential administration. By way of example, the Tax Cuts and Jobs Act, or the TCJA, was enacted, effective January 1, 2019, and included, among other things, a provision repealing the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." On June 17, 2021, the U.S. Supreme Court dismissed a challenge on procedural grounds that argued the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress. Thus, the ACA will remain in effect in its current form. It is possible that the ACA will be subject to judicial or Congressional challenges in the future.

The 2020 federal spending package permanently eliminated, effective January 1, 2020, the ACA-mandated "Cadillac" tax on certain high cost employer-sponsored insurance plans and the medical device excise tax on non-exempt medical devices, and effective January 1, 2021, also eliminates the health insurer tax. Further, the Bipartisan Budget Act of 2018, or the BBA, among other things, amended the ACA, effective January 1, 2019, to increase from 50% to 70% the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D and to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole." In addition, CMS published a final rule that would give states greater marketplaces, which may have the effect of relaxing essential health benefits required under the ACA for plans sold through such marketplaces.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted to reduce healthcare expenditures. U.S. federal government agencies also currently face potentially significant spending reductions, which may further impact healthcare expenditures. On August 2, 2011, the Budget Control Act of 2011 among other things, created measures for spending reductions by Congress. A joint select committee on deficit reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions of Medicare payments to providers of 2% per fiscal year. These reductions went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute, including the BBA, will remain in effect through 2030 with the exception of a temporary suspension from May 1, 2020 through March 31, 2022 and a reduction through June 30, 2022 due to the COVID-19 pandemic. Moreover, 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, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. If federal spending is further reduced, anticipated budgetary shortfalls may also impact the ability of relevant agencies, such as the FDA or the National Institutes of Health to continue to function at current levels. Amounts allocated to federal grants and contracts may be reduced or eliminated. These reductions may also impact the ability of relevant agencies to timely review and approve research and development, manufacturing, and marketing activities, which may delay our ability to develop, market and sell any products we may develop.

Moreover, payment methodologies, including payment for companion diagnostics, may be subject to changes in healthcare legislation and regulatory initiatives. For example, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, or MMA, changed the way Medicare covers and pays for pharmaceutical products. The legislation expanded Medicare coverage for drug purchases by the elderly and introduced a new reimbursement methodology based on average sales prices for physician-administered drugs. In addition, this legislation provided authority for limiting the number of drugs that will be covered in any therapeutic class. While the MMA only applies to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates. Therefore, any reduction in reimbursement that results from the MMA may result in a similar reduction in payments from private payors. In addition, CMS has begun bundling the Medicare payments for certain laboratory tests ordered while a patient received services in a hospital outpatient setting and, beginning in 2018, CMS will pay for clinical laboratory services based on a weighted average of reported prices that private payors, Medicare Advantage plans, and Medicaid Managed Care plans pay for laboratory services. Further, on March 16, 2018, CMS finalized its National Coverage Determination, or NCD, for certain diagnostic laboratory tests using next generation

sequencing that are approved by the FDA as a companion *in vitro* diagnostic and used in a cancer with an FDA-approved companion diagnostic indication. Under the NCD, diagnostic tests that gain FDA approval or clearance as an *in vitro* companion diagnostic will automatically receive full coverage and be available for patients with recurrent, metastatic relapsed, refractory or stages III and IV cancer. Additionally, the NCD extended coverage to repeat testing when the patient has a new primary diagnosis of cancer.

Recently there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. The FDA released a final rule in September 2020 providing guidance for states to build and submit importation plans for drugs from Canada. Litigation was initiated with regard to this final rule, and the Biden Administration has defended the final rule. The litigation is ongoing.

Further, in November 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 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 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 by the Biden administration until January 1, 2023. In December 2020, CMS issued a final rule implementing significant manufacturer price reporting changes under the Medicaid Drug Rebate Program, including regulations that affect manufacturer-sponsored patient assistance programs subject to pharmacy benefit manager accumulator programs and Best Price reporting related to certain value-based purchasing arrangements. It is unclear to what extent these new regulations will be implemented and to what extent these regulations or any future legislation or regulations by the Biden administration will have on our business, including our ability to generate revenue and achieve profitability.

On September 9, 2021, the Biden Administration published a wide-ranging list of policy proposals, most of which would need to be carried out by Congress, to reduce drug prices and drug payment. The HHS plan includes, among other reform measures, proposals to (1) give Medicare authority to directly negotiate drug prices with manufacturers, (2) authorize HHS to negotiate Medicaid supplemental rebates on behalf of states, (3) allow employer-based, ACA marketplace and commercial health insurance plans to access Medicare negotiated drug prices, (4) place a cap on out-of-pocket costs for Medicare Part D beneficiaries and redistribute a higher proportion of drug costs to Part D and manufacturers, (5) mandate purchase of the least costly-alternative and to institute value-based or outcomes-based pricing arrangements, (6) disincentivize drug price increases, (8) facilitate approval and prescription of biosimilar and generic drugs, (9) increase drug pricing transparency, (10) prohibit certain types of rebates to pharmacy benefit managers, and (11) develop drug pricing models by tying price to outcomes. Similar proposals, including the plans to give Medicare authority to negotiate drug prices and cap out-of-pocket costs, have been included in legislation currently being debated by Congress.

At the state level, legislatures are increasingly 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.

Additionally, on May 30, 2018, the Trickett Wendler, Frank Mongiello, Jordan McLinn, and Matthew Bellina Right to Try Act of 2017 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 authorization under an FDA expanded access program; however, manufacturers are not obligated to provide investigational new drug products under the current federal right to try law. We may choose to seek an expanded access program for our product candidates, or to utilize comparable rules in other countries that allow the use of a drug, on a named patient basis or under a compassionate use program.

We expect that the ACA, as well as other healthcare reform measures that 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. 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.

Our operations and relationships with healthcare providers, healthcare organizations, customers and third-party payors will be subject to applicable anti-bribery, anti-kickback, fraud and abuse, transparency and other healthcare laws and regulations, which could expose us to, among other things, enforcement actions, criminal sanctions, civil penalties, contractual damages, reputational harm, administrative burdens and diminished profits and future earnings.

Our current and future arrangements with healthcare providers, healthcare organizations, third-party payors and customers expose us to broadly applicable anti-bribery, fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we research, market, sell and distribute our product candidates. In addition, we may be subject to patient data privacy and security regulation by the U.S. federal government and the states and the foreign governments in which we conduct our business. Restrictions under applicable federal and state anti-bribery and healthcare laws and regulations, include the following:

•the federal Anti-Kickback Statute, which prohibits, among other things, individuals and entities from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal and state healthcare program such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;

•the federal criminal and civil false claims and civil monetary penalties laws, including the federal False Claims Act, which can be imposed through civil whistleblower or qui tam actions against individuals or entities, prohibits, among other things, knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent, knowingly making, using or causing to be made or used, a false record or statement material to a false or fraudulent claim, or from knowingly making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. In addition, certain marketing practices, including off-label promotion, may also violate false claims laws. Moreover, the government may assert that a claim including items and services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act;

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

•HIPAA, as amended by HITECH, which impose obligations on certain healthcare providers, health plans, and healthcare clearinghouses, known as covered entities, as well as their business associates that perform certain services involving the storage, use or disclosure of individually identifiable health information, including mandatory contractual terms, with respect to safeguarding the privacy, security, and transmission of individually identifiable health information, and require notification to affected individuals and regulatory authorities of certain breaches of security of individually identifiable health information;

•the federal legislation commonly referred to as Physician Payments Sunshine Act, enacted as part of the ACA, and its implementing regulations, which requires certain manufacturers of covered drugs, devices, biologics and medical supplies that are reimbursable under Medicare, Medicaid, or the Children's Health Insurance Program, with certain exceptions, to report annually to CMS information related to certain payments and other transfers of value to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), physician assistants, certain types of advanced practice nurses, and teaching hospitals, as well as ownership and investment interests held by the physicians described above and their immediate family members, with the information made publicly available on a searchable website;

•the U.S. Foreign Corrupt Practices Act of 1977, as amended, which prohibits, among other things, U.S. companies and their employees and agents from authorizing, promising, offering, or providing, directly or indirectly, corrupt or improper payments or anything else of value to foreign government officials, employees of public international organizations and foreign government owned or affiliated entities, candidates for foreign political office, and foreign political parties or officials thereof;

•analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, that may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; and

•certain state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug and therapeutic biologics manufacturers to report information related to payments to physicians and other healthcare providers or marketing expenditures and pricing information, state and local laws that require the registration of pharmaceutical sales representatives, and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

If we or our collaborators, manufacturers or service providers fail to comply with applicable federal, state or foreign laws or regulations, we could be subject to enforcement actions, which could affect our ability to develop, market and sell our products successfully and could harm our reputation and lead to reduced acceptance of our products by the market. These enforcement actions include, among others:

•exclusion from participation in government-funded healthcare programs;

•exclusion of company products from coverage under federal health care programs; and

•exclusion from eligibility for the award of government contracts for our products.

Efforts to ensure that our current and future business arrangements with third parties comply with applicable healthcare laws and regulations could involve substantial costs. It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations, agency guidance or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any such requirements, we may be subject to significant penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, the curtailment or restructuring of our operations, loss of eligibility to obtain approvals from the FDA, exclusion from participation in government contracting, healthcare reimbursement or other government programs, including Medicare and Medicaid, integrity oversight and reporting obligations, or reputational harm, any of which could adversely affect our financial results. Although effective compliance programs can mitigate the risk of investigation and prosecution for violations of these laws, these risks cannot be entirely eliminated. Any action against us for an alleged or suspected violation could cause us to incur significant legal expenses and could divert our management's attention from the operation of our business, even if our defense is successful. In addition, achieving and sustaining compliance with applicable laws and regulations may be costly to us in terms of money, time and resources.

Our failure to comply with privacy and data security laws, regulations and standards may cause our business to be materially adversely affected.

We are, and may increasingly become, subject to various laws and regulations, as well as contractual obligations, relating to data privacy and security in the jurisdictions in which we operate. The privacy and security of data have become significant issues in the United States, Europe and in many other jurisdictions. The regulatory framework for privacy and security issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. We maintain a large quantity of sensitive information, including confidential business and patient health information in connection with our clinical development regarding the patients enrolled in our clinical trials. Any violations of these rules by us could subject us to civil and criminal penalties and adverse publicity and could harm our ability to initiate and complete clinical trials. We cannot provide assurance that current or future legislation will not prevent us from generating or maintaining personal data or that patients will consent to the use of their personal data (as necessary); either of these circumstances may prevent us from undertaking or publishing essential research and development, manufacturing, and commercialization, which could have a material adverse effect on our business and reputation, results of operations, financial condition, and prospects.

In the United States, there are numerous federal and state consumer, privacy and data security laws and regulations governing the collection, use, disclosure, and protection of personal information, including health information privacy laws, security breach notification laws, and consumer protection laws. Each of these laws is subject to varying interpretations and constantly evolving.

Federal law obligations may include HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their respective implementing regulations, imposes privacy, security, and breach notification obligations on certain health care providers, health plans, and health care clearinghouses, known as covered entities, as well as their business associates that perform certain services involving creating, receiving, maintaining or transmitting individually identifiable health information for or on behalf of such covered entities. Entities that are found to be in violation of HIPAA as the result of a breach of unsecured protected health information, a complaint about privacy practices or an audit by Health and Human Services Administration (HHS), may be subject to significant civil, criminal, and administrative fines and penalties and/or additional reporting and oversight obligations if required to

enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. Further, entities that knowingly obtain, use, or disclose individually identifiable health information maintained by a HIPAA covered entity in a manner that is not authorized or permitted by HIPAA may be subject to criminal penalties. HITECH also created four 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. In addition, state laws govern the privacy and security of health information in specified circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts. Notably, we may obtain health information from third parties (including research institutions from which we obtain clinical trial data) that are subject to privacy and security requirements under HIPAA.

Even when HIPAA does not apply, violating consumers' privacy rights or failing to take appropriate steps to keep consumers' personal information secure may constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C § 45(a). The Federal Trade Commission (FTC) expects a company's data security measures to be reasonable and appropriate considering the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Individually identifiable health information is considered sensitive data that merits stronger safeguards. The FTC may also take action against companies for unfair acts or practices for failing to keep promises made in public statements, such as privacy policies. We make public statements about our use and disclosure of personal data through our privacy policy, information described on our website and in press statements. Although we endeavor to ensure that our public statements are complete and accurate, any failure (real or perceived) by us to comply with our privacy commitments could be considered an "unfair and deceptive" act by the FTC resulting in an FTC consent decree that may include fines and sustained government-mandated audits for a period of 20 years. A violation of an FTC privacy or data security consent decree can also subject the responding company to very high monetary penalties, as evidenced by the FTC obtaining $5 billion in negotiated monetary relief against Facebook for violation of a consent decree. State attorneys general may enforce comparable state law statutes covering unfair and deceptive practices with similar resulting consequences.

Certain states have also adopted comparable privacy and security laws and regulations, some of which may be more stringent than HIPAA. California recently enacted legislation, the California Consumer Privacy Act, or CCPA, which went into effect January 1, 2020. The CCPA became enforceable by the California Attorney General on July 1, 2020, along with related regulations which came into force on August 14, 2020. Additionally, although not effective until January 1, 2023, the California Privacy Rights Act, or the CPRA, expands upon the CCPA and was passed in the recent election on November 3, 2020. The CCPA created individual privacy rights and places increased privacy and security obligations on entities handling personal information. The CPRA significantly modifies the CCPA, including by expanding consumers' rights with respect to certain personal information and creating a new state agency to oversee implementation and enforcement efforts; future actions by this new agency could significantly impact our business activities and require substantial compliance costs that adversely affect our business, operating results, prospects and financial condition.

Other states have followed California's lead. The Virginia Consumer Data Protection Act, or VCDPA, which will go into effect in 2023, gives new data protection rights to Virginia residents and imposes additional obligations on controllers and processors of personal data. Colorado has also adopted a new state data protection act titled the Colorado Privacy Act, which is set to take effect on July 1, 2023. The Connecticut Data Privacy Act, or CDPA, will become effective July 1, 2023, and the Utah Consumer Privacy Act, or the UCPA, will become effective December 31, 2023. As of July 2022, twenty-eight states have pending consumer privacy legislation under review, which if enacted would add additional costs and expense of resources to maintain compliance. It is difficult to confidently predict the impact of such laws on our business or operations, but it has required and may continue to require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply.

Internationally, many jurisdictions in which we operate have established their own data security and privacy legal framework with which we or our customers must comply. For example, the EU's General Data Protection Regulation, or GDPR, which became effective in May 2018, greatly increased the European Commission's jurisdictional reach of its laws and adds a broad array of requirements for handling personal information, including, for example, requirements to establish a legal basis for processing, higher standards for obtaining consent from individuals to process their personal information, more robust disclosures to individuals and a strengthened individual data rights regime, requirements to implement safeguards to protect the security and confidentiality of personal information that requires the adoption of administrative, physical and technical safeguards, shortened timelines for data breach notifications to appropriate data protection authorities or data subjects, limitations on retention and secondary use of information, increased requirements pertaining to health data and additional requirements that we impose certain contractual obligations on third-party processors in connection with the processing of the personal information. The GDPR, together with national legislation, regulations and guidelines of the EU member states governing the processing of personal information, impose strict obligations and restrictions on the ability to collect, use, retain, protect, disclose, transfer and otherwise process personal information. In particular, the GDPR includes obligations and restrictions concerning the consent and rights of individuals to whom the personal information relates, the transfer of personal information out of the European Economic Area,

security breach notifications and the security and confidentiality of personal information. The GDPR authorizes fines for certain violations of up to 4% of global annual revenue or €20 million, whichever is greater, and other administrative penalties.

Following the UK's exit from the European Union, the UK government transposed the General Data Protection Regulation into UK national law, thereby creating the UK GDPR. The UK made a number of technical changes to GDPR under the Data Protection, Privacy and Electronic Communications Regulations 2019. The UK Data Protection Act 2018, or Data Protection Act, also remains in place as a national data protection law that supplements UK GDPR. From the beginning of 2021 (when the transitional period following Brexit expired), we have continued to comply with the UK GDPR and also the Data Protection Act, with UK GDPR having the ability to fine up to the greater of £17.5 million or 4% of global turnover. The costs of compliance with, and other burdens imposed by, such laws and regulations that are applicable to our business operations may limit the use and adoption of our services, reduce overall demand for them. Changes in these legislations may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment in resources for compliance programs, could impact strategies and availability of previously useful data, and could result in increased compliance costs and/or changes in business practices and policies.

The GDPR, as well as law in the United Kingdom and Switzerland, also prohibits the international transfer of personal data from the EEA/UK/Switzerland to countries outside of those jurisdictions unless made to a country deemed to have adequate data privacy laws by the European Commission or where a data transfer mechanism has been put in place. We rely on a mixture of mechanisms to transfer personal data to countries outside of the EEA, Switzerland, and the United Kingdom, including to the United States and therefore are continuing to evaluate the guidance and mechanisms required to establish adequate safeguards for personal data. Until recently, one such data transfer mechanism was the EU-US Privacy Shield. However, in July 2020 the Court of Justice of the European Union (CJEU), declared the Privacy Shield to be invalid. The CJEU upheld the validity of the standard contractual clauses (SCCs) as a legal mechanism to transfer personal data but companies relying on SCCs will—continually subject to guidance from regulators in the EEA—need to evaluate and implement supplementary measures that provide privacy protections additional to those provided under SCCs. For example, German and Irish supervisory authorities have indicated that the Standard Contractual Clauses alone provide inadequate protection for EU-U.S. data transfers. Use of the data transfer mechanisms must now be assessed on a case-by-case basis taking into account the legal regime applicable in the destination country, in particular applicable surveillance laws and rights of individuals.

In turn, the findings of the CJEU will have significant implications for cross-border data flows. On June 4, 2021, the European Commission adopted new Standard Contractual Clauses (SCCs) to apply to international data transfers outside of the EEA. We will have until December 27, 2022 to update any existing agreements executed before September 27, 2021, that rely on the old form of SCCs. If we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we conduct our operations, and we may find it necessary to establish systems in the EEA, Switzerland, and the United Kingdom to maintain personal data originating from the EEA and the United Kingdom, which may involve substantial expense and distraction from other aspects of our business. We may need to implement additional safeguards to further enhance the security of data transferred out of the EEA/Switzerland/United Kingdom, conduct data transfer impact assessments, and review existing agreements which could increase our compliance costs, expose us to further regulatory scrutiny and liability, and adversely affect our business. Further, the GDPR provides that countries in the EEA may establish their own laws and regulations further restricting the processing of certain personal data, including genetic data, biometric data, and health data.

Some countries (including some outside the EEA) also are considering or have passed legislation requiring local storage and processing of data, or similar requirements, which could increase the cost and complexity of delivering our products and services if we were to operate in those countries. If we are required to implement additional measures to transfer data from the European Economic Area, this could increase our compliance costs, and could adversely affect our business, financial condition and results of operations.

The myriad international and U.S. privacy and data breach laws are not consistent, and compliance in the event of a widespread data breach is difficult and may be costly. In many jurisdictions, enforcement actions and consequences for noncompliance are also rising. In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards that either legally or contractually applies to us. Any inability to adequately address privacy and security concerns, even if unfounded, or comply with applicable privacy and data security laws, regulations and policies, could result in additional cost and liability to us, damage our reputation, and adversely affect our business. Additionally, all of these evolving compliance and operational requirements impose significant costs, such as costs related to organizational changes, implementing additional protection technologies, training employees and engaging consultants, which are likely to increase over time. In addition, such requirements may require us to modify our data processing practices and policies, distract management or divert resources from other initiatives and projects, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

The regulations that govern regulatory approvals, pricing and reimbursement for new drugs and therapeutic biologics vary widely from country to country. Some countries require approval of the sale price of a drug or therapeutic biologic before it can be marketed. In many countries, the pricing review period begins after marketing approval is granted. In some foreign markets, prescription biopharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain regulatory approval for a product in a particular country, but then be subject to price regulations that delay our commercial launch of the product, possibly for lengthy time periods and negatively impact the revenues we are able to generate from the sale of the product in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more product candidates, even if our product candidates obtain regulatory approval.

Our ability to commercialize any products successfully also will depend in part on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from government authorities, private health insurers and other organizations. Even if we succeed in bringing one or more products to the market, these products may not be considered cost-effective, and the amount reimbursed for any products may be insufficient to allow us to sell our products on a competitive basis. Because our programs are in the early stages of development, we are unable at this time to determine their cost effectiveness or the likely level or method of coverage and reimbursement. Increasingly, the third-party payors who reimburse patients or healthcare providers, such as government and private insurance plans, are requiring that drug companies provide them with predetermined discounts from list prices, and are seeking to reduce the prices charged or the amounts reimbursed for biopharmaceutical products. If the price we are able to charge for any products we develop, or the coverage and reimbursement provided for such products, is inadequate in light of our development and other costs, our return on investment could be affected adversely.

There may be significant delays in obtaining reimbursement for newly approved drugs or therapeutic biologics, and coverage may be more limited than the purposes for which the drug or therapeutic biologic is approved by the FDA or similar foreign regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug or therapeutic biologic will be reimbursed in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution.

Interim reimbursement levels for new drugs or therapeutic biologics, if applicable, may also be insufficient to cover our costs and may not be made permanent. Reimbursement rates may be based on payments allowed for lower cost drugs or therapeutic biologics that are already reimbursed, may be incorporated into existing payments for other services and may reflect budgetary constraints or imperfections in Medicare data. Net prices for drugs or therapeutic biologics 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 or therapeutic biologics from countries where they may be sold at lower prices than in the United States. Further, no uniform policy for coverage and reimbursement exists in the United States, and coverage and reimbursement can differ significantly from payor to payor. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement rates, but also have their own methods and approval processes apart from Medicare determinations. Our inability to promptly obtain coverage and adequate reimbursement rates from both government-funded and private payors for new drugs or therapeutic biologics that we develop and for which we obtain regulatory approval could have a material and adverse effect on our business, financial condition, results of operations and prospects.

If in the future we are unable to establish U.S. or global sales and marketing capabilities or enter into agreements with third parties to sell and market our product candidates, we may not be successful in commercializing our product candidates if they are approved and we may not be able to generate any revenue.

We currently have a limited team for the marketing, sales and distribution of any of our product candidates that are able to obtain regulatory approval. To commercialize any product candidates after approval, we must build, on a territory-by-territory basis, marketing, sales, distribution, managerial and other non-technical capabilities or make arrangements with third parties to perform these services, and we may not be successful in doing so. If our product candidates receive regulatory approval, we may decide to establish an internal sales or marketing team with technical expertise and supporting distribution capabilities to commercialize our product candidates, which will be expensive and time consuming and will require significant attention of our executive officers to manage. For example, some state and local jurisdictions have licensing and continuing education requirements for pharmaceutical sales representatives, which requires time and financial resources. Any failure or delay in the development of our internal sales, marketing and distribution capabilities would adversely impact the commercialization of any of our product candidates that we obtain approval to market.

With respect to the commercialization of all or certain of our product candidates, we may choose to collaborate, either globally or on a territory-by-territory basis, with third parties that have direct sales forces and established distribution

systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems. If we are unable to enter into such arrangements when needed on acceptable terms, or at all, we may not be able to successfully commercialize any of our product candidates that receive regulatory approval or any such commercialization may experience delays or limitations. If we are not successful in commercializing our product candidates, either on our own or through collaborations with one or more third parties, our future product revenue will suffer and we may incur significant additional losses.

Our product candidates for which we intend to seek approval as biologic products may face competition sooner than anticipated.

With the enactment of the Biologics Price Competition and Innovation Act of 2009, or BPCIA, an abbreviated pathway for the approval of biosimilar biological products (both highly similar and interchangeable biological products) was created. The abbreviated regulatory pathway establishes legal authority for the FDA to review and approve biosimilar biologics, including the possible designation of a biosimilar as interchangeable based on its similarity to an existing reference product. The BPCIA provides a period of exclusivity for products granted "reference product exclusivity," under which an application for a biosimilar product referencing such products cannot be approved by the FDA until 12 years after the first licensure date of the reference product licensed under a BLA. On March 6, 2015, the FDA approved the first biosimilar product under the BPCIA. FDA has accelerated licensure of biosimilar products since the first biosimilar was approved in 2015. However, FDA has yet to deem a biosimilar product interchangeable with the reference product. While FDA has implemented certain procedures intended to implement the BPCIA, other processes remain in development and may be adopted by the FDA; any such processes could have a material adverse effect on the future commercial prospects for our biological products.

A biological product submitted for licensure under a BLA is eligible for a period of exclusivity that commences on the date of its licensure, unless its date of licensure is not considered a date of first licensure because it falls within an exclusion under the BPCIA. There is a risk that this exclusivity could be shortened due to congressional action or otherwise, potentially creating the opportunity for biosimilar competition sooner than anticipated. Additionally, this period of regulatory exclusivity does not apply to companies pursuing regulatory approval via their own traditional BLA, rather than via the abbreviated pathway. Most states have enacted substitution laws that permit substitution of only interchangeable biosimilars. The extent to which a highly similar biosimilar, once approved, will be substituted for any one of our reference products that may be approved in a way that is similar to traditional generic substitution for non-biological products is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing.

If any of our product candidates receives marketing approval and we or others later identify undesirable side effects caused by the product candidates, our ability to market and derive revenue from the product candidates could be compromised.

Undesirable side effects caused by our product candidates could cause regulatory authorities to interrupt, delay or halt clinical trials and could result in more restrictive labeling or the delay or denial of regulatory approval by the FDA or other regulatory authorities. Given the nature of ADCs, it is likely that there may be side effects associated with their use. Results of our clinical trials could reveal a high and unacceptable severity and prevalence of side effects. In such an event, our clinical trials could be suspended or terminated and the FDA or comparable foreign regulatory authorities could order us to cease further development of or deny approval of our product candidates for any or all targeted indications. Such side effects could also affect patient recruitment or the ability of enrolled patients to complete the clinical trials or result in potential product liability claims. Any of these occurrences may materially and adversely affect our business, financial condition, results of operations and prospects.

Further, clinical trials by their nature utilize a sample of the potential patient population. With a limited number of patients and limited duration of exposure, rare and severe side effects of our product candidates may only be uncovered with a significantly larger number of patients exposed to the product candidate.

In the event that any of our product candidates receive regulatory approval and we or others identify undesirable side effects caused by one of our products, any of the following adverse events could occur:

•regulatory authorities may withdraw their approval of the product or seize the product;

•we may be required to recall the product or change the way the product is administered to patients;

•additional restrictions may be imposed on the marketing of the particular product or the manufacturing processes for the product or any component thereof;

•we may be subject to fines, injunctions or the imposition of civil or criminal penalties;

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

•we may be required to create a medication guide outlining the risks of such side effects for distribution to patients;

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

•the product may become less competitive; and

•our reputation may suffer.

Any of these occurrences could have a material and adverse effect on our business, financial condition, results of operations and prospects.

While we have been granted a Fast Track Designation by the FDA for STRO-002, it may not lead to a faster development or regulatory review or approval process.

We have been granted a Fast Track Designation for STRO-002 for the treatment of patients with platinum-resistant epithelial ovarian, fallopian tube, or primary peritoneal cancer who have received one to three prior lines of systemic therapy. As part of our business strategy, we may also seek Fast Track Designation for other of our product candidates. If a drug or biologic is intended for the treatment of a serious or life-threatening condition and the drug or biologic demonstrates the potential to address unmet medical needs for this condition, the product sponsor may apply for FDA Fast Track Designation. The FDA has broad discretion whether or not to grant this designation, so even if we believe a particular product candidate is eligible for this designation, we cannot assure you that the FDA would decide to grant it. Even if we do receive Fast Track Designation, as we have for STRO-002, we may not experience a faster development process, review or approval compared to conventional FDA procedures. The FDA may withdraw Fast Track Designation if it believes that the designation is no longer supported by data from our clinical development program, which may happen in connection with STRO-002 or other of our product candidates if granted Fast Track Designation.

While we have been granted Orphan Drug Designation by the FDA for STRO-001 for the treatment of multiple myeloma, if we decide to seek Orphan Drug Designation for some of our other product candidates, we may be unsuccessful or may be unable to maintain the benefits associated with Orphan Drug Designation, including the potential for orphan drug exclusivity.

We have been granted Orphan Drug Designation by the FDA for STRO-001 for the treatment of multiple myeloma and our collaborator BMS was granted Orphan Drug Designation by the FDA for CC-99712. As part of our business strategy, we may seek Orphan Drug Designation for our other product candidates, and we may be unsuccessful. Regulatory authorities in some jurisdictions, including the United States and Europe, may designate drugs and therapeutic biologics for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a drug or therapeutic biologic as an orphan drug if it is a drug or therapeutic biologic intended to treat a rare disease or condition, which is generally defined as 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 or therapeutic biologic will be recovered from sales in the United States. In the United States, Orphan Drug Designation entitles a party to financial incentives such as tax advantages and user fee waivers. In addition, if a product that has Orphan Drug Designation subsequently receives the first FDA approval for the disease for which it has such designation, the product is entitled to orphan drug exclusivity, which means that the FDA may not approve any other applications, including a full BLA, to market the same product for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity or where the manufacturer is unable to assure sufficient product quantity.

Even if we obtain Orphan Drug Designation for our product candidates in specific indications, we may not be the first to obtain marketing approval of these product candidates for the orphan-designated indication due to the uncertainties associated with developing pharmaceutical products. In addition, exclusive marketing rights in the United States may be limited if we seek approval for an indication broader than the orphan-designated indication or 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. Further, even if we obtain orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because different drugs or therapeutic biologics with different principal molecular structural features can be approved for the same condition. Even after an orphan product is approved, the FDA can subsequently approve the same drug or therapeutic biologic with the same principal molecular structural features for the same condition if the FDA concludes that the later drug or therapeutic biologic is safer, more effective or makes a major contribution to patient care. Orphan Drug Designation neither shortens the development time or regulatory review time of a drug or therapeutic biologic nor gives the drug or therapeutic biologic any advantage in the regulatory review or approval process. In addition, while we may seek Orphan Drug Designation for our product candidates, we may never receive such designations.

The tax reform legislation signed into law on December 22, 2017 reduced the amount of the qualified clinical research costs for a designated orphan product that a sponsor may claim as a credit from 50% to 25%. This may further limit the advantage and may impact our future business strategy of seeking the Orphan Drug Designation.

If we decide to pursue accelerated approval for any of our product candidates, it 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.

In the future, we may decide to pursue accelerated approval for one or more of our product candidates. Under the FDA's accelerated approval program, the FDA may approve a drug or biologic for a serious or life-threatening disease or condition that provides a meaningful advantage over available therapies based upon a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit. For drugs or biologics granted accelerated approval, post-marketing confirmatory trials are required to verify and describe the anticipated effect on irreversible morbidity or mortality or other clinical benefit. These confirmatory trials must be completed with due diligence, and the FDA may require that the trial be designed, initiated, and/or fully enrolled prior to approval. If we were to pursue accelerated approval for a product candidate for a disease or condition, we would do so on the basis that there is no available therapy for that disease or condition or that our product candidate provides a benefit over available therapy. If standard of care were to evolve or if any of our competitors were to receive full approval on the basis of a confirmatory trial for a drug or biologic for a disease or condition for which we are seeking accelerated approval before we receive accelerated approval, the disease or condition would no longer qualify as one for which there is no available therapy, and accelerated approval of our product candidate would not occur without a showing of benefit over available therapy. Many cancer therapies rely on accelerated approval, and the treatment landscape can change quickly as the FDA converts accelerated approvals to full approvals on the basis of successful confirmatory trials. We have initiated discussions with the FDA regarding an appropriate trial design for a registration-directed trial of STRO-002 to potentially support an accelerated approval; however, whether any trial is sufficient to receive FDA approval under the accelerated approval pathway will depend on the safety and efficacy results of such trial and will only be determined by the FDA upon review of a submitted BLA.

Moreover, the FDA may withdraw approval of any product candidate approved under the accelerated approval pathway if, for example:

- the trial or trials required to verify the predicted clinical benefit of our product candidate fail to verify such benefit or do not demonstrate sufficient clinical benefit to justify the risks associated with such product;
- other evidence demonstrates that our product candidate is not shown to be safe or effective under the conditions of use;
- we fail to conduct any required post-approval trial of our product candidate with due diligence; or
  we disseminate false or misleading promotional materials relating to the relevant product candidate.

In addition, the FDA may terminate the accelerated approval program or change the standards under which accelerated approvals are considered and granted in response to public pressure or other concerns regarding the accelerated approval program. Changes to or termination of the accelerated approval program could prevent or limit our ability to obtain accelerated approval of any of our clinical development programs. Recently, the accelerated approval pathway has come under scrutiny within the FDA and by Congress. The FDA has put increased focus on ensuring that confirmatory studies are conducted with diligence and, ultimately, that such studies confirm the benefit. For example, the FDA has convened its Oncologic Drugs Advisory Committee to review what the FDA has called "dangling" or delinquent accelerated approvals, where confirmatory studies have not been completed or where results did not confirm benefit, but for which marketing approval continues in effect, and some companies have subsequently voluntarily requested

withdrawal of approval of their products. In addition, the Oncology Center of Excellence has recently announced Project Confirm, which is an initiative to promote the transparency of outcomes related to accelerated approvals for oncology indications and provide a framework to foster discussion, research and innovation in approval and post-marketing processes, with the goal to enhance the balance of access and verification of benefit for therapies available to patients with cancer and hematologic malignancies. In addition, Congress is considering various proposals to potentially make changes to the accelerated approval pathway, including proposals to increase the likelihood of withdrawal of approval in such circumstances.

Risks Related to Our Common Stock

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

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

•variations in the level of expense related to the ongoing development of our XpressCF® and XpressCF+® platforms, our product candidates or future development programs;

•the fair value of our holding of common stock of Vaxcyte;

•results of preclinical and clinical trials, or the addition or termination of clinical trials or funding support by us, or existing or future collaborators or licensing partners;

•our execution of any additional collaboration, licensing or similar arrangements, and the timing of payments we may make or receive under existing or future arrangements or the termination or modification of any such existing or future arrangements;

•any intellectual property infringement lawsuit or opposition, interference or cancellation proceeding in which we may become involved;

•additions and departures of key personnel;

•strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;

•if any of our product candidates receives regulatory approval, the terms of such approval and market acceptance and demand for such product candidates;

•regulatory developments affecting our product candidates or those of our competitors;

•epidemics, pandemics or contagious diseases, such as COVID-19; and

•changes in general market and economic conditions.

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

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Our restated certificate of incorporation and our restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors who are not nominated by current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions:

•establish a classified board of directors so that not all members of our board are elected at one time;

•permit only the board of directors to establish the number of directors and fill vacancies on the board;

•provide that directors may only be removed “for cause” and only with the approval of two-thirds of our stockholders;

•require super-majority voting to amend some provisions in our restated certificate of incorporation and restated bylaws;

•authorize the issuance of “blank check” preferred stock that our board could use to implement a stockholder rights plan;

•eliminate the ability of our stockholders to call special meetings of stockholders;

•prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;

•prohibit cumulative voting; and

•establish advance notice requirements for nominations for election to our board or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, our restated certificate of incorporation, to the fullest extent permitted by law, provides that the Court of Chancery of the State of Delaware is the exclusive forum for: any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, or the DGCL, our restated certificate of incorporation, or our restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. Furthermore, our amended and restated bylaws also provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act (a Federal Forum Provision). While the Supreme Court of the State of Delaware has held that such provisions are facially valid under Delaware law, there can be no assurance that federal or state courts will follow the holding of the Delaware Supreme Court or determine that the Federal Forum Provision should be enforced in a particular case; application of the Federal Forum Provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court.

These choice of forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, employees and agents even though an action, if successful, might benefit our stockholders. Stockholders who do bring a claim in the specified courts could face additional litigation costs in pursuing any such claim. The specified courts may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments or results may be more favorable to us than to our stockholders. Alternatively, if a court were to find these provisions of our governance documents inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

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

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

General Risk Factors

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

The trading price of our common stock may be highly volatile and subject to wide fluctuations in response to various factors, some of which we cannot control. As a result of this volatility, investors may not be able to sell their common stock at or above the purchase price. The market price for our common stock may be influenced by many factors, including the other risks described in this section and the following:

•results of preclinical studies and clinical trials of our product candidates, or those of our competitors or our existing or future collaborators;

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

•the success of competitive products or technologies;

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

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

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

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

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

•market conditions in the pharmaceutical and biotechnology sectors;

•general economic uncertainty and capital markets disruptions, including rising interest rates and inflation, which have been substantially impacted by geopolitical instability due to the ongoing military conflict in Ukraine;

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

•developments or disputes concerning patents or other proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our product candidates and products;

•our ability or inability to raise additional capital and the terms on which we raise it;

•the recruitment or departure of key personnel;

•changes in the structure of healthcare payment systems;

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

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

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

•announcement and expectation of additional financing efforts;

•speculation in the press or investment community;

•trading volume of our common stock;

•sales of our common stock by us or our stockholders;

•the concentrated ownership of our common stock;

•changes in accounting principles;

•terrorist acts, acts of war or periods of widespread civil unrest, including the ongoing armed conflict in Ukraine;

•natural disasters, epidemics, pandemics or contagious diseases, and other calamities;

•a temporary federal government shutdown; and

•general economic, industry and market conditions.

In addition, the stock market in general, and the markets for pharmaceutical, biopharmaceutical and biotechnology stocks in particular, have experienced extreme price and volume fluctuations that have been often unrelated or disproportionate to the operating performance of the issuer. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our actual operating performance. The realization of any of the above risks or any of a broad range of other risks, including those described in this "Risk Factors" section, could have a dramatic and adverse impact on the market price of our common stock.

The future sale and issuance of equity or of debt securities that are convertible into equity will dilute our share capital.

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

A sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. If our stockholders sell, or the market perceives that our stockholders intend to sell, substantial amounts of our common stock in the public market, the market price of our common stock could decline significantly.

We cannot predict what effect, if any, sales of our shares in the public market or the availability of shares for sale will have on the market price of our common stock. However, future sales of substantial amounts of our common stock in the public market, including shares issued upon exercise of outstanding options or warrants, or the perception that such sales may occur, could adversely affect the market price of our common stock. For example, in April 2021, we entered into the Sales Agreement with Jefferies, pursuant to which, from time to time, we may offer and sell through Jefferies up to $100.0 million of our common stock pursuant to one or more "at the market" offerings. Sales of our common stock under the Sales Agreement with Jefferies could be subject to business, economic or competitive uncertainties and contingencies, many of which may be beyond our control, and which could cause actual results from the sale of our common stock to differ materially from expectations. Any future sales of common stock through our "at the market" offering program will result in dilution and may have a negative impact on the price of our common stock.

We also expect that significant additional capital may be needed in the future to continue our planned operations. To raise capital, we may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock.

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

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not have any control over the analysts or the content and opinions included in their reports. If any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, financial condition and results of operations, our intellectual property or our stock performance, or if our

preclinical studies and clinical trials and operating results fail to meet the expectations of analysts, our stock price would likely decline. If one or more of such analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause a decline in our stock price or trading volume.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain additional executive management and qualified board members. The additional requirements we must comply with may strain our resources and divert management's attention from other business concerns.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of The Nasdaq Global Select Market, and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming, or costly, and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. In order to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, or may have difficulty attracting and retaining sufficient employees, which would increase our costs and expenses.

As a result of no longer being an emerging growth company, we have incurred, and will continue to incur, significant additional expenses that we did not previously incur in complying with the Sarbanes-Oxley Act and rules implemented by the SEC. The cost of compliance with Section 404 of the Sarbanes-Oxley Act has required us to incur substantial accounting expense and expend significant management time on compliance-related issues as we implement additional corporate governance practices and comply with reporting requirements. Although we expect to be a "smaller reporting company" and a "non-accelerated filer" as of December 31, 2022, we will still need to comply with Section 404(a) of the Sarbanes-Oxley Act, which will continue to require substantial management time and expense.

We have also previously taken advantage of the reduced disclosure requirements of the Jumpstart Our Business Startups Act applicable to emerging growth companies regarding executive compensation disclosures and exemption from the requirements of holding advisory "say-on-pay" votes on executive compensation. We are not currently eligible for such reduced disclosure requirements and exemptions and, as such, we are required to hold "say-on-pay" and "say-on-frequency" votes at our annual meetings of stockholders; however, we expect to be a smaller reporting company as of December 31, 2022, following which we will become eligible to take advantage of certain of the reduced disclosure obligations regarding compensation disclosures in 2023. We expect that the increased disclosure requirements will continue to require additional attention from management and will continue to result in increased costs to us, which could include higher legal fees, accounting fees, and fees associated with investor relations activities, among others.

In addition, changing laws, regulations, and standards relating to corporate governance, stockholder litigation, and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, making some activities more time consuming, and increasing the likelihood and expense of litigation. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve or otherwise change over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters, higher costs necessitated by ongoing revisions to disclosure and governance practices, and increased expenses and management attention due to actual or threatened litigation. We intend to invest resources to comply with evolving laws, regulations and standards (or changing interpretations of them), and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with these laws, regulations, and standards differ from the activities intended by regulatory or governing bodies, regulatory authorities may initiate legal proceedings against us, and our business may be adversely affected. Being a public company and complying with the associated rules and regulations, and being subject to heightened likelihood of litigation, makes it more expensive for us to obtain director and officer liability insurance, the costs of which can fluctuate significantly from year-to-year due to general market conditions in obtaining such insurance, but in recent years have risen significantly, consistent with the increase in market rates. As a result, we may be required to accept reduced coverage, incur substantially higher costs to obtain coverage or may be unable to obtain coverage on economically reasonable terms, or at all. These factors could also make it more difficult for us to attract and retain qualified executives and qualified members of our board of directors, particularly to serve on our audit committee, our compensation committee, and our nominating and corporate governance committee.

As a result of disclosure of information in filings required of a public company, our business and financial condition has become more visible, which may result in threatened or actual litigation, including by competitors. If such claims are successful, our business and operating results could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results.

In addition, as a result of our disclosure obligations as a public company, we could face pressure to focus on short-term results, which may adversely affect our ability to achieve long-term profitability.

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

The market price of our common stock 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. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Unregistered Sales of Equity Securities

None

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The exhibits filed or furnished as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index, below.

Exhibit Number	Description	Form	File No.	Exhibit Filing Date	Exhibit No.	Filed/Furnished Herewith
10.1†	First Amendment to the Tasly License Agreement					X
10.2†^	License and Collaboration Agreement, dated June 27, 2022, by and between the Registrant and Astellas Pharma Inc.					X
10.3	First Amendment to the Loan and Security Agreement among Oxford Finance LLC, Silicon Valley Bank, and the Registrant.					X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	The cover page from this Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, formatted in Inline XBRL and contained in Exhibit 101.					X

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

† Registrant has omitted portions of the exhibit as permitted under Item 601(b)(10) of Regulations S-K.

^Registrant has omitted schedules and exhibits pursuant to Item 601(a)(5) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of the omitted schedules and exhibits to the SEC upon request.

SIGNATURES

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

SUTRO BIOPHARMA, INC.

Date: August 8, 2022

By: /s/ William J. Newell
William J. Newell
Chief Executive Officer

Date: August 8, 2022

By: /s/ Edward C. Albini
Edward C. Albini
Chief Financial Officer

Exhibit 10.1

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO SUTRO BIOPHARMA, INC. IF PUBLICLY DISCLOSED.

AMENDMENT TO LICENSE AGREEMENT

This "**Amendment**" is entered into by and between Sutro Biopharma, Inc. ("**Sutro**") and Tasly Biopharmaceuticals Co., Ltd. ("**Licensee**"; together with Sutro, the "**Parties**"), to amend the License Agreement entered into between the Parties as of December 24, 2021 (the "**Agreement**"). Section numbers and headings identified below correspond with section numbers and headings in the Agreement. Except as otherwise provided, definitions of capitalized terms are defined in the Agreement and incorporated herein by reference.

WHEREAS, Sutro plans to request an End-of-Phase 1 Meeting (the "**EOP-1 Meeting**") with the FDA to discuss the [*] (the "**Phase II Study**"), as the Pivotal Study to support accelerated approval pursuant to Section 506(c) of the Food, Drug & Cosmetic Act, amended by section 901 of the Food and Drug Administration Safety and Innovation Act of 2012, and the relevant FDA regulations (the "**Accelerated Approval**").

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to amend the Agreement as follows:

1.Section 6.01 Upfront Payment. Section 6.01 of the Agreement is hereby replaced with the following:

> As payment for the rights and licenses granted to Licensee by Sutro under the Agreement, Licensee shall pay to Sutro a non-refundable, upfront payment of Twenty Five Million U.S. Dollars (USD $25,000,000.00) ("**Upfront Payment**"), which will be paid within [*] (as defined in Section 6, below), but not later than [*] ("**Upfront Payment Deadline**"), following execution of this Amendment by wire transfer of immediately available funds denominated in U.S. Dollars to an account designated by Sutro. Notwithstanding the foregoing, if the Licensee is subject to restrictions under Applicable Laws that prevent Licensee from making the Upfront Payment, or the closure of commercial banks, the government tax bureau, and/or the State Administration of Foreign Exchange in the People's Republic of China prevent Licensee from making the Upfront Payment, Licensee shall provide written notice to Sutro at least [*] before the Upfront Payment Deadline, and the two Parties will then discuss an extension of the Upfront Payment Deadline in good faith. The Parties acknowledge and agree that, if Licensee fails to make the Upfront Payment as set forth above, this Amendment will immediately become null and void, and, without limiting the foregoing, Licensee will owe Sutro the amount set forth in Section 6.01 of the Agreement (as in effect prior to this Amendment) as provided for therein, and Licensee will not owe any obligations to Sutro under Section 6.01a and Section 6.02a of this

Amendment, including, without limitation, the "Conditional Upfront Payment," the "BLA Milestone Payment," and the "Enhanced Development Milestone Event No. 4 Payment," as those terms are defined below.

2.Section 6.01a Conditional Upfront Payment. The following Section 6.01a is hereby added to the Agreement immediately after Section 6.01:

Upon and only upon the satisfaction of the provisions set forth in Section 6.01a(a)-(b) below (collectively, "**Conditional Upfront Payment Trigger**"), Sutro will be paid a non-refundable payment of Fifteen Million U.S. Dollars (USD $15,000,000.00) (the "**Conditional Upfront Payment**"), as set forth in Section 6.01b below.

(a)In the EOP-1 Meeting, Sutro will seek guidance from the FDA regarding [*] Accelerated Approval (the "**Accelerated Approval Question**").

(b)In response to the Accelerated Approval Question, the FDA will [*] . The Parties acknowledge and agree that the foregoing requirement will be deemed met even if [*]. The Parties further acknowledge and agree that a [*].

3.Section 6.01b Conditional Upfront Payment Escrow Fund. The following Section 6.01b is hereby added to the Agreement immediately after Section 6.01a:

(a)No later than [*] following execution of the Amendment (whichever is later), Licensee will fund an escrow account maintained in the People's Republic of China and identified under the name of "Tasly Biopharmaceuticals Co., Ltd.," by a mutually agreeable third-party agent ("**Escrow Agent**") by delivering or causing to be delivered to the Escrow Agent an amount equal to the Conditional Upfront Payment ("**Conditional Upfront Payment Escrow Fund**") pursuant to a separate agreement among Sutro, Licensee and the Escrow Agent ("**Escrow Agreement**"), which the Parties shall use diligent efforts to cause to be executed within [*] following the execution of this Amendment.

(b)No later than [*] after the occurrence of the Conditional Upfront Payment Trigger, Sutro, acting in good faith, will deliver a written notice to Licensee and the Escrow Agent describing such occurrence in reasonable detail and instructing the Escrow Agent to make the Conditional Upfront Payment to Sutro out of the Conditional Upfront Payment Escrow Fund ("**Sutro Notice**"). Within [*] following Licensee's receipt of the Sutro Notice ("**Objection Period**"), confirmation of which Licensee will provide by email to Sutro at [*] and to the Escrow Agent at the email address provided in the Escrow Agreement (for clarity the Sutro Notice shall be effective upon Licensee's receipt), Licensee will deliver a written notice to Sutro and the Escrow Agent stating either that Licensee (i) does not object to the Escrow Agent making the Conditional Upfront Payment to Sutro out of the Conditional Upfront Payment

Escrow Fund; or (ii) objects to such payment, describing in reasonable detail the reason(s) why Licensee does not believe, acting in good faith, that the Conditional Upfront Payment Trigger has occurred ("**Tasly Notice**"). If Licensee does not object to the Escrow Agent making the Conditional Upfront Payment to Sutro out of the Conditional Upfront Payment Escrow Fund within the Objection Period, the Escrow Agent will pay such amount within [*] following (a) receipt of the Tasly Notice or (b) the expiration of the Objection Period if Licensee does not deliver the Tasly Notice within the Objection Period. If Licensee delivers the Tasly Notice by email (to be sent to Sutro at [*] and to the Escrow Agent at the email address provided in the Escrow Agreement), the Tasly Notice shall be deemed delivered on the date such email is received by Sutro.

(c)Upon receipt of Licensee's objection in the Tasly Notice, Sutro may provide to Tasly a written response within [*] following such receipt, and the Parties' Senior Executives will meet (whether in person or via videoconference) to discuss in good faith their respective opinions with respect to the occurrence of the Conditional Upfront Payment Trigger. In the event the Senior Executives are unable, using good faith efforts, to resolve the matter within [*] following Sutro's receipt of the Tasly Notice, the Parties will submit the matter to the "Expert" (defined below). The Expert will deliver to the Parties its written decision as to whether the Conditional Upfront Payment Trigger has occurred (including a detailed report as to such Expert's rationale for such decision) within [*] following such submission, and such decision will be binding on the Parties and not appealable. If the Expert determines that the Conditional Upfront Payment Trigger has occurred, the Escrow Agent will make the Conditional Upfront Payment to Sutro out of the Conditional Upfront Payment Escrow Fund within the timeline set forth in the Escrow Agreement. For purposes of the above, "**Expert**" means [*], is not a current or former employee, contractor, agent, or consultant of either Party or its Affiliates and does not otherwise have any conflict of interest with respect to either Party or the matter described above.

(d)The Parties will use their best efforts to select the Expert by mutual agreement within [*] following execution of this Amendment ("**Selection Period**"). If the Parties are unable to select the Expert within the Selection Period, within [*] following the end of the Selection Period, the Parties shall request that the International Chamber of Commerce (**"ICC"**) appoint the Expert within [*] from the receipt of such request under the then-applicable ICC procedure, and the Parties shall share [*] any associated fees or costs. The Parties will instruct the Expert to deliver his or her decision within [*] following the submission of the matter to the Expert. The Parties will share the fees and costs due to the Expert (collectively, "**Expert Fees**") [*], provided that, upon receipt of the Expert's decision, the non-prevailing Party will (i) [*] , and (ii) [*] .

(e)If the Conditional Upfront Payment Trigger does not occur by [*], or following a determination by the Expert that the Conditional Upfront Payment Trigger

has not occurred, the Escrow Agent will return the Conditional Upfront Payment Escrow Fund to Licensee. If the Expert fails to issue a decision on whether the Conditional Upfront Payment Trigger has occurred by [*], the Escrow Agent will return the Conditional Upfront Payment Escrow Fund to Licensee no later than [*], provided that, to the extent the Expert is not selected within [*] under the procedure set forth in Section 6.01b(d), then the foregoing timeline shall be commensurately extended to take into account any delay in selecting the Expert. After the Conditional Upfront Payment Escrow Fund is returned to Licensee pursuant to the first sentence of this Section 6.01b(e), Licensee will have no obligation to pay the Conditional Upfront Payment. If the Expert determines that the Conditional Upfront Payment Trigger has occurred but issues such decision after [*], then Licensee shall pay the Conditional Upfront Payment to Sutro within [*] following the delivery of such decision to the Parties, by wire transfer of immediately available funds denominated in U.S. Dollars to an account designated by Sutro.

4.Section 6.02a Additional Development Milestone Payments. The following Section 6.02a is hereby added to the Agreement immediately after Section 6.02:

(a)In the event that in a pre-BLA meeting for the Product, the FDA [*], then, in addition to the Development Milestone Payments set forth in Section 6.02, Licensee will pay to Sutro a non-refundable, payment of [*] ("**BLA Milestone Payment**"), within [*] of Licensee's receipt of the Pre-BLA Minutes from Sutro, by wire transfer of immediately available funds denominated in U.S. Dollars to an account designated by Sutro. The Parties acknowledge and agree that the foregoing requirement will be deemed met even if the FDA's statement were subject to conditions, provided that the FDA does not require that Sutro (i) [*], or (ii) [*]. Notwithstanding the foregoing, if the pre-BLA Minutes do not satisfy the requirements for the BLA Milestone Payment, the BLA Milestone Payment will be due within [*] of Licensee's receipt of Sutro's notice that [*] . The BLA Milestone Payment will not be due in the event the Conditional Upfront Payment has been duly paid to Sutro in accordance with Sections 6.01a and 6.01b.

(b)The payment amount for the Development Milestone Event number 4 in the table set forth in Section 6.02 of the Agreement, under "Ovarian Cancer" (**"Development Milestone Event No. 4 Payment"**) shall be increased from [*] to [*] (**"Enhanced Development Milestone Event No. 4 Payment"**) in the event [*] . For the avoidance of doubt, (i) if Sutro is entitled to the Enhanced Development Milestone Event No. 4 Payment, it will not also be entitled to the Development Milestone Event No. 4 Payment; and (ii) in the event that [*] , the Development Milestone Event No. 4 Payment will remain US$5,000,000 and Sutro will not be entitled to the Enhanced Development Milestone Event No. 4 Payment.

5.Section 6.09 Mode of Payment. Section 6.09 is hereby replaced with the following:

All payments due to Sutro, including payments due under this Article 6 of this Agreement, shall be made to Sutro's account with [*] , or such other account regarding which Sutro may provide notice from time to time in accordance with this Agreement. Payments to Sutro at [*] may be made as follows:

PAY TO: [*]
ROUTING & TRANSIT NUMBER: [*]
SWIFT CODE: [*]
FOR CREDIT OF: Sutro Biopharma, Inc., 111 Oyster Point Blvd, South San Francisco, CA, USA
FINAL CREDIT ACCOUNT NUMBER: [*]
BY ORDER OF: Tasly Biopharmaceuticals Co., Ltd.

6.For the avoidance of doubt, to the extent Sutro satisfies the requirements to earn the Conditional Upfront Payment, the BLA Milestone Payment, and the Enhanced Development Milestone Event No. 4 Payment, all such payments, in aggregate, shall not exceed [*].

7."Business Day," solely for purposes of Section 6.01 of this Amendment, means any day other than (a) a Saturday or a Sunday or (b) a day on which (i) all commercial banking institutions in Shanghai, the People's Republic of China, (ii) the government tax bureau in the People's Republic of China, (iii) the State Administration of Foreign Exchange in the People's Republic of China or (iv) Licensee's offices in Shanghai, the People's Republic of China, are required under Applicable Laws to be closed.

8.This Amendment supplements and amends the Agreement. Except as set forth herein, this Amendment does not modify or replace any of the terms and conditions in the Agreement. For the avoidance of doubt, nothing in this Amendment affects the Development Milestone Payments, except as provided in Section 6.02a above, or modifies the rights and obligations of the Parties regarding the Product.

9.This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE]

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed in duplicate by their respective duly authorized officers or representatives.

SUTRO BIOPHARMA, INC.	TASLY BIOPHARMACEUTICALS CO., LTD.
By: /s/ William Newell Name: William Newell Title: Chief Executive Officer	By: /s/ Kaijing Yan Name: Kaijing Yan Title Chairman of the Board
Dated: April 18, 2022	Dated: April 18, 2022

Exhibit 10.2
Execution Version
Confidential

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO SUTRO BIOPHARMA, INC. IF PUBLICLY DISCLOSED.

LICENSE AND COLLABORATION AGREEMENT

BY AND BETWEEN

SUTRO BIOPHARMA, INC.

AND

ASTELLAS PHARMA INC.

JUNE 27, 2022

TABLE OF CONTENTS

Schedules

LICENSE AND COLLABORATION AGREEMENT

This **License and Collaboration Agreement** (this "**Agreement**") is entered into as of June 27, 2022 (the "**Effective Date**"), by and between Sutro Biopharma, Inc., a Delaware corporation having offices at 111 Oyster Point Boulevard, South San Francisco, CA 94080, USA ("**Sutro**"), and Astellas Pharma Inc., a Japanese corporation having offices at 5-1, Nihonbashi-Honcho 2-chome, Chuo-ku, Tokyo 103-8411, Japan ("**Astellas**"). Sutro and Astellas are referred to in this Agreement individually as a "**Party**" and collectively as the "**Parties**."

BACKGROUND

WHEREAS, Sutro possesses certain proprietary technology and expertise with respect to the discovery and development of iADCs;

WHEREAS, Astellas is a pharmaceutical company engaged in the research, development, Manufacture and Commercialization of novel pharmaceutical and biological products;

WHEREAS, the Parties desire to collaborate to identify multiple iADCs for further Development and Commercialization as Licensed Products as set forth herein; and

WHEREAS, in connection with the foregoing, Sutro is willing to grant to Astellas, and Astellas is willing to accept, licenses under certain of Sutro's intellectual property rights with respect to the Licensed Products, all on the terms and conditions herein.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

Whenever used in this Agreement, the capitalized terms defined in this Article 1 and elsewhere in this Agreement, and any cognates or correlatives thereof, whether used in the singular or plural, shall have the specified meanings.

1.1 "**Accounting Principles**" means (a) generally accepted accounting principles as practiced in the United States or (b) international financial reporting standards, in each case, as generally and consistently applied throughout each Party's organization.

1.2 "**Acquired COC Program**" has the meaning set forth in Section 2.6(b).

1.3 "**Acquiring Person**" means a Third Party that acquires a Party through a Change of Control (the "**Acquiror**"), together with any affiliates of such Acquiror existing immediately prior to the consummation of the Change of Control. For clarity, an "Acquiring Person" of a Party shall exclude the Party and all of its affiliates existing immediately prior to the consummation of the Change of Control.

1.4 "**Acquiring Person COC Program**" has the meaning set forth in Section 2.6(b).

1.5 "**Acquiror**" has the meaning set forth in Section 1.3.

1.6 "**Act**" means the United States Federal Food, Drug and Cosmetic Act, 21 U.S.C. § 301 et seq., as such may be amended from time to time.

1.7 "**ADC**" means a molecule comprising [*].

1.8 "**Affiliate**" means, with respect to a Party, any entity directly or indirectly controlled by, controlling, or under common control with such Party, but only for so long as such control exists. For purposes of this definition, "control" (including, with correlative meanings, "controlled by", "controlling" and "under common control with") means (a) possession, direct or indirect, of the power to direct or cause direction of the management or policies of an entity (whether through ownership of securities or other ownership interests, by contract or otherwise), or (b) beneficial ownership of fifty percent (50%) or more (or the maximum ownership interest permitted by Applicable Laws giving control) of the voting securities or other ownership or general partnership interest (whether directly or indirectly) or other comparable equity interests in an entity.

1.9 "**Agreement**" has the meaning set forth in the preamble.

1.10 "**Alliance Manager**" has the meaning set forth in Section 3.1.

1.11 "**Antibody**" means an antibody or fragment thereof.

1.12 "**Anticipated Pivotal Study Date**" has the meaning set forth in Section 6.2.

1.13 "**Anti-Corruption Laws**" has the meaning set forth in Section 11.4(e)(i).

1.14 "**Antitrust Event**" means (a) any required filing or application under any antitrust, competition or other similar Applicable Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening or impeding competition, including the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. §18a) and similar Applicable Laws of any jurisdiction or (b) any investigations related to monopolization or restraint of trade or lessening or impeding competition are initiated or required to be initiated by or on behalf of a Governmental Authority.

1.15 "**Anti-Tumor Agent**" means [*].

1.16 "**Applicable Laws**" means all statutes, ordinances, codes, executive or governmental orders, laws, rules and regulations and any other requirements of any applicable Governmental Authority or Regulatory Authority that govern or otherwise apply to a Party's activities in connection with this Agreement.

1.17 "**Astellas**" has the meaning set forth in the preamble.

1.18 "**Astellas CMO**" has the meaning set forth in Section 7.4(a).

1.19 "**Astellas Collaboration Know-How**" means any and all Collaboration Know-How (other than Program Specific Know-How and CFE Know-How) generated, developed, conceived or reduced to practice solely by Astellas, its Affiliates or its or their Sublicensees (or on its or their behalf) in the course of performing activities or exercising rights under this Agreement.

1.20 "**Astellas Collaboration Patents**" means [*].

1.21 "**Astellas Existing In-License**" has the meaning set forth in Section 2.3(c).

1.22 "**Astellas Indemnitee**" has the meaning set forth in Section 12.1(a).

1.23 "**Astellas Know-How**" means any and all Know-How Controlled by Astellas or any of its Affiliates as of the Effective Date or during the Term that is necessary for the Research, Development, Manufacture or Commercialization of Licensed Compounds or Licensed Products and that (a) is Astellas Collaboration Know-How, (b) is Astellas's and its Affiliates' interests in any Joint Collaboration Know-How, (c) is Program Specific Know-How, (d) Astellas discloses to Sutro and that the JSC determines to use, and is actually used, in the conduct of a Research Plan, or (e) solely in connection with a license (if granted) pursuant to Section 14.10(b), Astellas incorporates into a Reversion Product prior to termination.

1.24 "**Astellas Patents**" means [*].

1.25 "**Astellas Technology**" means the Astellas Know-How and the Astellas Patents.

1.26 "**Astellas Trademarks**" means any Trademark used by Astellas to identify Astellas or any of its Affiliates.

1.27 "**Audited Party**" or "**Auditing Party**" has the meaning set forth in Section 8.8.

1.28 "**Available**" means, with respect to a Target, that such Target is not Unavailable.

1.29 "**Bankruptcy Code**" has the meaning set forth in Section 14.7(b).

1.30 "**Bayh-Dole Act**" means the Patent and Trademark Law Amendments Act of 1980, as amended, codified at 35 U.S.C. §§ 200-212, as amended, as well as any regulations promulgated pursuant thereto, including in 37 C.F.R. Part 401.

1.31 "**Biosimilar**" means, with respect to a Licensed Product and country, any product that is marketed or sold by a Third Party that has not obtained the rights to market or sell such product as a licensee, sublicensee or distributor of Astellas or any of its Affiliates, licensees or sublicensees with respect to the product and either (a) [*]or (b) [*].

1.32 "**Biosimilar Action**" has the meaning set forth in Section 13.8.

1.33 "**BLA**" has the meaning set forth in Section 1.152.

1.34 "**BPCIA**" means the Biologics Price Competition and Innovation Act of 2009 within the Patient Protection and Affordable Care Act, as set forth in Section 351(k) of the United States Public Health Services Act (42 U.S.C. 262), as may be subsequently amended.

1.35 "**Business Day**" means a day other than a Saturday, Sunday or any other day on which banking institutions in New York, New York or Tokyo, Japan are authorized or required by Applicable Laws to remain closed.

1.36 "**CFE**" has the meaning set forth in Section 1.45.

1.37 "**CFE Collaboration Know-How**" means any and all Collaboration Know-How [*].

1.38 "**CFE Collaboration Patents**" means [*].

1.39 "**CFE Facility**" means shall mean Sutro's facilities described in Schedule 1.39 or such other Sutro facility for Manufacturing of CFE and CFE Reagents as agreed to by the Parties (Astellas's agreement not to be unreasonably withheld).

1.40 "**CFE Know-How**" means any and all Know-How Controlled by Sutro (or its Affiliates) as of the Effective Date or during the Term that relates to the CFE Technology.

1.41 "**CFE Patents**" means [*].

1.42 "**CFE Reagents**" has the meaning set forth in Section 1.45.

1.43 "**CFE Shortage**" has the meaning set forth in Section 7.5(e).

1.44 "**CFE Supply Agreement**" has the meaning set forth in Section 7.5(a).

1.45 "**CFE Technology**" means Sutro's [*].

1.46 "**CFE Technology Transfer**" has the meaning set forth in Section 7.5(c).

1.47 "**Change of Control**" means, with respect to a Party, (a) a merger or consolidation of such Party with a Third Party that results in the voting securities of such Party outstanding immediately prior thereto, or any securities into which such voting securities have been converted or exchanged, ceasing to represent more than fifty percent (50%) of the combined voting power of the surviving entity or the parent of the surviving entity immediately after such merger or consolidation, (b) a transaction or series of related transactions in which a Third Party, together with its Affiliates, becomes the beneficial owner of more than fifty percent (50%) of the combined voting power of the outstanding securities of such Party, or (c) the sale or other transfer to a Third Party of all or substantially all of such Party's business to which the subject matter of this Agreement relates.

1.48 "**Change of Control Notice**" has the meaning set forth in Section 15.1(b)(ii).

1.49 "**Claim**" has the meaning set forth in Section 12.1(a).

1.50 "**Clinical Supply Agreement**" has the meaning set forth in Section 7.2(a).

1.51 "**Clinical Supply Shortage**" has the meaning set forth in Section 7.2(b).

1.52 "**Clinical Trial**" means any clinical study involving the administration of a product to a human subject.

1.53 "**CMC**" means chemistry, manufacturing and controls.

1.54 "**CMO**" has the meaning set forth in Section 2.2(c).

1.55 "**Collaboration Compound**" has the meaning set forth in Section 4.8.

1.56 "**Collaboration Know-How**" means any and all Know-How (including Results) that is generated, developed, conceived or reduced to practice by or on behalf of a Party, its Affiliates or (sub)licensees (or on its or their behalf) in the course of performing activities or exercising rights under this Agreement.

1.57 "**Collaboration Patents**" means [*].

1.58 "**Combination Product**" has the meaning set forth in Section 1.155.

1.59 "**Commercialization Costs**" means, with respect to a given Cost Share Product in a given period, the Internal Costs and External Costs incurred during such period by a Party (or its Affiliates) to conduct Commercialization activities in a manner consistent with the applicable Cost Share Commercialization Plan, but solely to the extent (a) accrued after the Option Effective Date for such Cost Share Product in accordance with Accounting Principles and (b) directly attributable or reasonably allocable to Commercialization of such Cost Share Product in the United States (including, for clarity, [*]), including (i) [*]; (ii) [*]; (iii) [*]; (iv[*]; (v) [*]; (vi) [*] and (vii) [*]. Notwithstanding any provision to the contrary set forth in this Agreement, no Development Milestone Payment or Sales Milestone Payment hereunder shall be considered a Development Cost, Commercialization Cost or Other Expense, and no expense included as a Commercialization Cost shall be included as a Development Cost or Other Expense.

1.60 "**Commercialize**" means, with respect to a product, all activities undertaken relating to the marketing and sale of such product, including, advertising, detailing, education, planning, marketing, Promotion, distribution, storage, transportation, importation, exportation, market and product support, any post-approval Clinical Trials commenced after the first commercial sale of such product and post-approval regulatory activities, including those necessary to maintain Regulatory Approvals, activities conducted in connection with commercial launch (such as establishing a sales force) and support of any of the foregoing (including training, materials, public relations and market research). "**Commercialization**" and "**Commercializing**" shall have a corresponding meaning.

1.61 "**Commercially Reasonable Efforts**" means, with respect to a Party's obligations under this Agreement, the efforts and resources typically used [*] that are at a similar stage of development or product life, in a similar market and of similar commercial potential, taking into

account factors including the expected and actual competitiveness of the market place, the proprietary position and extent of actual market exclusivity of the products, the regulatory structure involved, the expected and actual profitability of the applicable products (including pricing and reimbursement status achieved or likely to be achieved, any payments required to be made to licensors), safety and efficacy, Regulatory Authority-approved labeling, the likely timing of the product's entry into the market, the likelihood of Regulatory Approval, and other relevant scientific, technical and commercial factors. It is anticipated that the level of effort may change over time, reflecting changes in the status of the product and the market involved.

1.62 "**Committee**" has the meaning set forth in Section 3.2(d).

1.63 "**Competing Product**" means [*].

1.64 "**Component**" has the meaning set forth in Section 1.126.

1.65 "**Compound Notice**" has the meaning set forth in Section 4.8.

1.66 "**Confidential Information**" has the meaning set forth in Section 9.1.

1.67 "**Confidentiality Agreement**" has the meaning set forth in Section 15.12.

1.68 "**Control**" or "**Controlled**" means, subject to Section 2.3 and Section 15.1(b), with respect to any Know-How, Patent Rights or other intellectual property rights, the legal authority or right (whether by ownership, license, covenant not to sue or otherwise, other than by operation of the licenses and other grants in this Agreement) of a Party or its Affiliates to grant the other Party the access, licenses or sublicenses of the scope set forth herein under such Know-How, Patent Rights or other intellectual property rights, without violating the terms of any agreement or other arrangement with any Third Party existing at the time such Party would be required hereunder to grant the other Party such access or license or sublicense. Notwithstanding the foregoing [*].

1.69 "**Co-Promotion Plan**" has the meaning set forth in Section 6.6(c).

1.70 "**CoPro Option**" has the meaning set forth in Section 6.1.

1.71 "**CoPro Product**" means a Cost Share Product for which Sutro has timely exercised the CoPro Option pursuant to Section 6.2.

1.72 "**Cost Report**" has the meaning set forth in Section 8.6(b)(i).

1.73 "**Cost Share**" or "**Cost Sharing**" has the meaning set forth in Section 6.3.

1.74 "**Cost Share Commercialization Budget**" has the meaning set forth in Section 6.6(b).

1.75 "**Cost Share Commercialization Plan**" has the meaning set forth in Section 6.6(b).

1.76 "**Cost Share Development Budget**" has the meaning set forth in Section 6.2.

1.77 "**Cost Share Development Plan**" has the meaning set forth in Section 6.2.

1.78 "**Cost Share Option**" has the meaning set forth in Section 6.1.

1.79 "**Cost Share Option Product**" means a Licensed Product for which the Cost Share Option has not yet expired.

1.80 "**Cost Share Product**" means a Licensed Product that is considered a Cost Share Product pursuant to Section 6.3.

1.81 "**Cost Share Product Marks**" has the meaning set forth in Section 6.10(b).

1.82 "**Cost Share Product Materials**" means, with respect to a given Cost Share Product, any materials used for or in connection with the Promotion of such Cost Share Product in the United States.

1.83 "**Cost Share Product Revenues**" means, with respect to a given Cost Share Product in a given period, the sum of Net Sales of such Cost Share Product generated during such period.

1.84 "**Cover**" means, as to a component or product and a Patent Right, that, in the absence of a license granted under, or ownership of, such Patent Right, the making, using, selling, offering for sale or importation of such component or product would infringe a Valid Claim of such Patent Right or, as to a pending Valid Claim of such Patent Right, the making, using, selling, offering for sale or importation of such component or product would infringe such Valid Claim if such pending claim were to issue in an issued Patent Right without modification.

1.85 "**Data Protection Laws**" has the meaning set forth in Section 11.4(a).

1.86 "**DC Compound**" has the meaning set forth in Section 4.8.

1.87 "**Deadlocked Matter**" has the meaning set forth in Section 3.4.

1.88 "**Develop**" means all activities relating to obtaining and maintaining Regulatory Approval of the Licensed Product and Indications therefor, but excluding activities related to the Manufacture of Licensed Product. Development activities include (a) the conduct of all preclinical and clinical testing and other activities required or useful for creation of iADCs and Regulatory Approval of Licensed Products in the initial and subsequent Indications, (b) the conduct of all regulatory activities directed to obtaining and maintaining Regulatory Approval of the Licensed Product, including test method development and stability testing, assay development and audit development, pre-clinical/non-clinical studies (including toxicology studies), formulation, pharmacodynamics, quality assurance/quality control development, statistical analysis, Clinical Trials (for the first and subsequent Indications), packaging development, regulatory affairs, biomarker strategy and development, report writing and statistical analysis, the preparation, filing and prosecution of MAAs, activities to obtain international nonproprietary names and other nonproprietary names for pharmaceutical substances, and research relating to product naming. "Development" and "Developing" shall have a corresponding meaning.

1.89 "**Development Costs**" means, with respect to a given Cost Share Product in a given period, the Internal Costs and External Costs incurred during such period by Astellas (or its Affiliates) to conduct Development activities consistent with the applicable Cost Share Development Plan, but solely to the extent (a) accrued after the Option Effective Date for such Cost Share Product and (b) (i) [*]or (ii) [*]. Notwithstanding any provision to the contrary set forth in this Agreement, no expense included as a Development Cost shall be included as a Commercialization Cost or Other Expense.

1.90 "**Development Criteria**" has the meaning set forth in Section 4.2.

1.91 "**Development Milestone Event**" means a development milestone event set forth in Section 8.3.

1.92 "**Development Milestone Payment**" means a development milestone payment set forth in Section 8.3.

1.93 "**Direct Costs**" has the meaning set forth in Schedule 1.148.

1.94 "**Directed To**" means, with respect to an Antibody, that such Antibody to specifically binds to a Target.

1.95 "**Dispute**" has the meaning set forth in Section 15.4(a).

1.96 "**Distributor**" means any Third Party that purchases Licensed Product from Astellas, its Affiliates or its or their Sublicensees for resale in the Territory and such Third Party takes title to such Licensed Product; provided, however, that such Third Party does not pay royalties or commissions to Astellas or any of its Affiliates or Sublicensees with respect to its resale of such Licensed Product. For clarity, a "Distributor" shall not be considered a "Sublicensee" for purposes of this Agreement (even if licenses are granted to such Distributor for purposes of conducting its activities).

1.97 "**Dollar**" means the U.S. dollar, and "$" shall be interpreted accordingly.

1.98 "**Effective Date**" has the meaning set forth in the preamble.

1.99 "**EMA**" means the European Medicines Agency or any successor entity thereto.

1.100 "**Enforcement Action**" has the meaning set forth in Section 13.3(b).

1.101 "**Entity**" has the meaning set forth in Section 15.8(a).

1.102 "**EU5**" means France, Germany, Italy, Spain and the United Kingdom.

1.103 "**European Union**" or "**E.U.**" means (a) the United Kingdom, and (b) the organization of member states of the European Union, as it may be constituted from time to time during the Term.

1.104 "**Excess Development Overage**" has the meaning set forth in Section 6.4(d).

1.105 "**Excluded Claim**" has the meaning set forth in Section 15.4(b).

1.106 "**Exclusion Lists**" has the meaning set forth in Section 11.4(d).

1.107 "**Executive Officer**" means, respectively, Astellas's [*] and Sutro's [*].

1.108 "**External Costs**" means costs and expenses paid to Third Parties (or payable to Third Parties and accrued in accordance with Accounting Principles) by a Party or its Affiliate and incurred in a manner consistent with the applicable Research Plan, Cost Share Development Plan or Cost Share Commercialization Plan, including the cost of materials (including taxes and duties thereon) and services, but excluding any (a) capital expenditures and financing costs unless expressly and separately agreed to by the Parties, and (b) any items included under the FTE Rate.

1.109 "**FDA**" means the United States Food and Drug Administration or any successor entity thereto.

1.110 "**Field**" means [*].

1.111 "**Field Team**" means, with respect to a Party, the employees or Subcontractors of such Party or its Affiliate (including Sales Representatives) engaged to Promote a Cost Share Product on behalf of such Party or its Affiliate in the United States.

1.112 "**Financial Managers**" has the meaning set forth in Section 8.6(a)(ii).

1.113 "**First Commercial Sale**" means, with respect to a Licensed Product, the first sale of such Licensed Product by Astellas, its Affiliate or Sublicensee to a Third Party for distribution, use or consumption in any country in the Territory after Regulatory Approval has been obtained for such Licensed Product in such country, excluding, however, any sale or other distribution for use in a Clinical Trial.

1.114 "**Fiscal Quarter**" means the respective periods of three (3) consecutive calendar months ending on June 30, September 30, December 31 and March 31; provided, however, that the first Fiscal Quarter of the Term shall begin on the Effective Date and end on the last day of the then-current Fiscal Quarter and the last Fiscal Quarter of the Term shall begin on the first day of such Fiscal Quarter and end on the last day of the Term.

1.115 "**Fiscal Year**" means each successive period of twelve (12) months commencing on April 1 and ending on March 31; provided, however, that the first Fiscal Year of the Term shall commence on the Effective Date and the final Fiscal Year under this Agreement shall end on the last day of the Term.

1.116 "**FTE Rate**" means (a) [*] (US [*]) per FTE per Fiscal Year for activities conducted under a Research Plan and (b) such rate(s) as agreed by the Parties pursuant to Section 6.2 for activities conducted pursuant to a Cost Share Development Plan or Cost Share Commercialization Plan, as applicable. The rate represents the fully burdened rate for each such FTE and includes related salary, benefits, administration, facilities costs and overhead. Beginning in the Fiscal Year 2023, the FTE Rate is subject to annual adjustment in each Fiscal Year based

on the percentage increase or decrease in the Consumer Price Index for All Urban Consumers (CPI-U) published by the U.S. Bureau of Labor Statistics as of March 30 of each Fiscal Year, over the level of such Consumer Price Index as of March 30 of the prior Fiscal Year, with the first such increase to be effective on April 1, 2023; provided that, if the CPI-U does not accurately reflect inflation in a Fiscal Year for the activities conducted under such plans, the Parties shall agree upon an appropriate adjustment mechanism.

1.117 "**Full Time Equivalent**" or "**FTE**" means the equivalent of one (1) individual employee's full-time work time over a Fiscal Year consisting of a total of [*]) hours. Any individual who devotes more or less [*] hours per Fiscal Year to conducting the specified activities shall be treated as an FTE on a pro-rata basis based upon the actual number of hours worked on conducting such activities divided by [*] hours. Overtime, and work on weekends, holidays and the like shall not be counted with any multiplier (e.g., time and a half or double time) of the number of hours that are used to calculate the FTE contribution.

1.118 "**Gatekeeper**" has the meaning set forth in Section 4.1(b).

1.119 "**Global Trial**" means a Clinical Trial of a Cost Share Product intended to support Regulatory Approval of such Cost Share Product in at least the United States amongst other jurisdictions and that may include Clinical Trial sites both in the United States and outside of the United States.

1.120 "**GLP Tox Milestone Payment**" has the meaning set forth in Section 8.2.

1.121 "**GMP Facility**" means shall mean Sutro's facilities identified in Schedule 1.121 or such other Sutro facility for GMP Manufacturing as agreed to by the Parties (Astellas's agreement not to be unreasonably withheld).

1.122 "**Good Clinical Practices**" or "**GCP**" means the applicable then-current standards for clinical activities for pharmaceuticals or biologicals, as set forth in the Act and any regulations or guidance documents promulgated thereunder, as amended from time to time, together with, with respect to work performed in a country other than the United States, any similar standards of good clinical practice as are required by any Regulatory Authority in such country, to the extent such standards are not less stringent than applicable U.S. standards or ICH Guidelines, including ICH E6.

1.123 "**Good Laboratory Practices**" or "**GLP**" means the applicable then-current standards for laboratory activities for pharmaceuticals or biologicals, as set forth in the Act and any regulations or guidance documents promulgated thereunder, as amended from time to time, together with, with respect to work performed in a country other than the United States, any similar standards of good laboratory practice as are required by any Regulatory Authority in such country.

1.124 "**Good Manufacturing Practices**" or "**GMP**" means the applicable then-current standards for conducting Manufacturing activities for pharmaceuticals or biologicals (or active pharmaceutical ingredients) as are required by any applicable Regulatory Authority in the Territory, to the extent such standards are not less stringent than applicable U.S. standards as

provided in, but not limited to, 21 C.F.R. Parts 210 and 211, or ICH Guidelines, including ICH Q7.

1.125 "**Governmental Authority**" means any federal, state, national, state, provincial, or local government, or political subdivision thereof, or any multinational organization or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, or any court or tribunal (or any department, bureau or division thereof, or any governmental arbitrator or arbitral body).

1.126 "**Immunogenic ADC**" or "**iADC**" means [*].

1.127 "**Immunostimulatory Agent**" means a molecule [*].

1.128 "**IND**" means an investigational new drug application filed with the FDA or any similar application filed with a Regulatory Authority in a country other than the U.S. required to commence Clinical Trials of a pharmaceutical product.

1.129 "**Indemnitee**" has the meaning set forth in Section 12.1(c).

1.130 "**Indemnitor**" has the meaning set forth in Section 12.1(c).

1.131 "**IND-Enabling Toxicology Study**" means, with respect to a Licensed Compound, an in vivo toxicology study that is conducted in compliance with GLP.

1.132 "**Indication**" means, with respect to a pharmaceutical or biological product, (a) [*], or (b) [*]. Notwithstanding the foregoing, each of the following will be treated as the same Indication and not a distinct Indication: (i) [*], (ii) [*], (iii) [*].

1.133 "**Indirect Costs**" has the meaning set forth in Schedule 1.148.

1.134 "**Initial Plan Component In-License**" has the meaning set forth in Section 2.3(d).

1.135 "**Initiation**" means, with respect to a Clinical Trial, the administration of the first dose of the product being studied to the first human subject in such Clinical Trial.

1.136 "**Internal Costs**" means, for a given period, the amount obtained by multiplying (a) the total FTEs (or portion thereof) devoted to the performance of the relevant activities, in each case, during such period, by (b) the applicable FTE Rate.

1.137 "**Joint Collaboration Know-How**" means any and all Collaboration Know-How (other than Program Specific Know-How and CFE Collaboration Know-How) that is generated, developed, conceived or reduced to practice jointly by or on behalf of both (a) Astellas, its Affiliates or its or their Sublicensees, and (b) Sutro, its Affiliates or its or their sublicensees.

1.138 "**Joint Collaboration Patents**" means [*].

1.139 "**JSC**" has the meaning set forth in Section 3.2(a).

1.140 "**Know-How**" means any and all proprietary information, inventions, discoveries, results and data, of any type whatsoever and regardless of form, including any and all materials, improvements, processes, methods, protocols, formulas, data, analyses, results, know-how and trade secrets, whether or not patentable.

1.141 "**Licensed Compound**" means (a) [*] or (b) [*]. For clarity, [*].

1.142 "**Licensed Product**" means any product in finished form comprising or containing a Licensed Compound, including any and all dosages and formulations of such product, in any Indication.

1.143 "**Licensor Party**" has the meaning set forth in Section 2.3(a).

1.144 "**Linker**" means a [*].

1.145 "**Losses**" has the meaning set forth in Section 12.1.

1.146 "**Major Market**" means each of the [*].

1.147 "**Manufacture**" means, with respect to a product, activities in connection with the manufacture, processing, formulating, testing (including quality control, quality assurance and lot release testing), bulk packaging, filling, finishing, packaging, labeling, inspecting, receiving, storage, release, shipping and delivery of such product, sourcing of materials, process qualification, validation and optimization, and stability testing. "**Manufacturing**" and "Manufactured" shall have a corresponding meaning.

1.148 "**Manufacturing Cost**" has the meaning set forth in Schedule 1.148.

1.149 "**Manufacturing Technology**" has the meaning set forth in Section 7.4(a).

1.150 "**Manufacturing Technology Transfer**" has the meaning set forth in Section 7.4(a).

1.151 "**Manufacturing Technology Transfer Agreement**" has the meaning set forth in Section 7.4(a).

1.152 "**Marketing Authorization Application**" or "**MAA**" means, with respect to a product, (a) a Biologics License Application ("**BLA**"), as defined in the BPCIA, (b) a marketing authorization application filed with (i) the EMA under the centralized EMA filing procedure, or (ii) a Regulatory Authority in any E.U. country if the centralized EMA filing procedure is not used, or (c) any equivalent to (a) and (b) in any country outside of the U.S. or E.U., in each case ((a) through (c)), filed with the applicable Regulatory Approval in support of approval to market such product in the applicable country or jurisdiction, including any amendments thereto and supplemental applications, but excluding applications for Pricing and Reimbursement Approval.

1.153 "**Medical Affairs Activities**" means design, strategies, oversight and implementation of activities designed to ensure or improve appropriate medical use of, conduct medical education of, or further research regarding, a Cost Share Product (whether before or after

launch), including activities of medical liaisons, grants to support continuing independent medical education (including independent symposia and congresses), and development, publication and dissemination of scientific and clinical information in support of an Indication for such Cost Share Product, as well as medical information services (and the content thereof) provided in response to inquiries communicated via field teams or other external facing representatives or received by letter, phone call or email or other means of communication.

1.154 "**Medical Affairs Costs**" means, with respect to a given Cost Share Product in a given period, the Internal Costs and External Costs incurred during such period by Astellas (or its Affiliates) to conduct Medical Affairs Activities solely to the extent (a) accrued after the Option Effective Date for such Cost Share Product and (b) directly attributable or reasonably allocable to Medical Affairs Activities for such Cost Share Product in the United States (including, for clarity, costs for global activities or activities outside the United States that are reasonably allocable to Medical Affairs Activities in the United States).

1.155 "**Net Sales**" means, with respect to Licensed Product sold to the first Third Party (including to Distributors) in the Territory by Astellas, its Affiliates or its or their Sublicensees (each, a "**Selling Party**"), the gross amount invoiced for sales of such Licensed Product for the Territory during a given period, less the following normal and customary deductions that are attributable to such Licensed Product and not otherwise deducted in computing other amounts hereunder (without duplication):

(a) trade, cash and quantity discounts, cash and non-cash coupons, and retroactive price reductions;

(b) charge-back payments, rebates, retroactive price adjustments and other allowances granted, including to managed health care organizations or to federal, state and local governments, their respective agencies, purchasers or reimbursers, adjustments arising from consumer discount programs or other similar programs including any amounts that are imposed or are due under Section 9008 of the U.S. Patient Protection and Affordable Care Act of 2010 (Pub. L. No. 111-48) or legislation with a similar purpose;

(c) credits or allowances on account of price adjustments, recalls, claims, damaged goods, rejections or returns of items previously sold (including Licensed Product returned in connection with recalls or withdrawals);

(d) freight, postage, shipping, customs and insurance charges and any other charges relating to the sale, transportation, delivery or return of Licensed Products;

(e) sales taxes, value-added taxes, excise taxes, use taxes, import/export duties or other governmental charges actually due or incurred with respect to such sales, in each case to the extent separately invoiced or otherwise added to the sale price and not reimbursed;

(f) amounts actually written off as uncollectible to the extent consistent with the Selling Party's business practices for its other products; provided, however, that such amounts shall be added back to Net Sales if and when actually collected;

(g) fees and deductions imposed by Governmental Authorities; and

(h) any other deductions from gross sales of a similar nature consistent with the Selling Party's published financial statements, to the extent they are in accordance with Accounting Principles and consistently applied.

Such amounts shall be determined from the books and records of the Selling Party maintained in accordance with Accounting Principles or similar accounting principles, consistently applied. Net Sales shall not include transfers or dispositions (i) for which the Selling Party does not receive payment or that are provided at or below cost or (ii) for charitable, promotional, pre-clinical, clinical, regulatory or governmental purposes. For the avoidance of doubt, sales between or among Astellas and its Affiliates or Sublicensees will be excluded from the computation of Net Sales, but the subsequent final sales to a Third Party by such Affiliate or Sublicensee will be included in the computation of Net Sales.

In the event that a Licensed Product is sold as part of a Combination Product (where "**Combination Product**" means any single-priced product(s) which comprises the Licensed Product and one or more Other Active Ingredients ("**Other Product(s)**")) whether or not sold as a fixed dose product, co-formulated product or co-packaged product, then Net Sales of the Licensed Product will be calculated [*]. If, in a particular country: [*], or [*], the adjustment to Net Sales shall be determined by the Parties in good faith to reasonably reflect the fair value of the contribution of the Licensed Product in the Combination Product to the total market value of such Other Product(s). In the event the Parties cannot reach agreement on such allocation, then the dispute shall be resolved in accordance with Section 15.4(c).

1.156 "**Oncology Target**" means (a) [*]or (b) [*], or (c) [*].

1.157 "**Opt In**" means for the proprietor of a European patent to elect to submit to the exclusive competence of the UPC by withdrawal of the Opt Out pursuant to Article 83(4) UPCA.

1.158 "**Option Effective Date**" has the meaning set forth in Section 6.2.

1.159 "**Options**" has the meaning set forth in Section 6.1.

1.160 "**Opt Out**" means for the proprietor of a European patent to elect to reject the exclusive competence of the UPC pursuant to Article 83(3) UPCA.

1.161 "**Other Active Ingredient**" means a clinically active material(s), other than a Licensed Compound or Component thereof or any clinically active material included therein, that provides [*].

1.162 "**Other Expenses**" means, with respect to a given Cost Share Product in the United States in a given period, the following items, but solely to the extent (a) accrued after the Option Effective Date for such Cost Share Product in accordance with Accounting Principles, and (b) directly attributable or reasonably allocable to activities conducted for such Cost Share Product:

(a) [*];

(b) [*];

(c) [*];

(d) [*];

(e) [*];

(f) [*];

(g) [*]; and

(h) [*].

No expense included as an Other Expense shall also be included as a Commercialization Cost, or Development Cost. Other Expenses specifically exclude any costs or expenses of a Party or its Affiliates to the extent caused by such Party or its Affiliate's breach of this Agreement.

1.163 "**Other In-License**" has the meaning set forth in Section 2.3(e).

1.164 "**Other Product**" has the meaning set forth in Section 1.155.

1.165 "**Party**" or "**Parties**" has the meaning set forth in the preamble.

1.166 "**Patent Challenge**" has the meaning set forth in Section 14.6.

1.167 "**Patent Rights**" means: (a) pending patent applications (including provisional patent applications), issued patents, utility models and designs; (b) reissues, substitutions, confirmations, registrations, validations, re-examinations, additions, continuations, continued prosecution applications, continuations-in-part, or divisions of or to any of the foregoing; (c) extensions, renewals or restorations of any of the foregoing (a) or (b) by existing or future extension, renewal or restoration mechanisms, including supplementary protection certificates or the equivalent thereof; and (d) any similar rights, including so-called pipeline protection or any importation, revalidation, confirmation or introduction patent or registration patent or patent of additions to any of such foregoing (a) through (c).

1.168 "**Patent Term Extension**" has the meaning set forth in Section 13.6.

1.169 "**Payee**" has the meaning set forth in Section 8.9(b).

1.170 "**Paying Party**" has the meaning set forth in Section 8.9(b).

1.171 "**Permitted Development Overage**" has the meaning set forth in Section 6.4(d).

1.172 "**Person**" means an individual, corporation, partnership, limited liability company, limited partnership, trust, business trust, association, joint stock company, joint venture, syndicate, sole proprietorship, unincorporated organization, Governmental Authority or any other form of entity not specifically listed herein.

1.173 "**Personal Data**" has the meaning set forth in Section 11.4(a).

1.174 "**Pharmacovigilance Costs**" means, with respect to a given Cost Share Product, those Internal Costs and External Costs, in each case, directly attributable or reasonably allocable to the performance of activities related to pharmacovigilance for such Cost Share Product in the United States (including, for clarity, costs of global activities or for activities outside the United States that are reasonably allocable to pharmacovigilance in the United States).

1.175 "**Phase I Clinical Trial**" means, with respect to a product, a Clinical Trial of such product, as further defined in 21 C.F.R. 312.21(a) or the corresponding regulation in jurisdictions other than the United States.

1.176 "**Phase I/II Clinical Trial**" means, with respect to a product, a Clinical Trial that provides for the first introduction of such product into patients in a target patient population with the primary purpose of determining safety, metabolism and pharmacokinetic properties and clinical pharmacology of such product, in a manner that is consistent with U.S. 21 C.F.R. 312.21(a) or corresponding foreign regulations, and that is also prospectively designed to generate sufficient data (if successful) to support the commencement of a Phase III Clinical Trial for, or to file for accelerated approval of, such product.

1.177 "**Phase II Clinical Trial**" means, with respect to a product, a Clinical Trial that is intended to explore the feasibility, safety, dose ranging or efficacy of such product that is prospectively designed to generate sufficient data (if successful) to commence a Phase III Clinical Trial (or foreign equivalent) of such product, as further defined in 21 C.F.R. 312.21(b) or the corresponding regulation in jurisdictions other than the United States.

1.178 "**Phase III Clinical Trial**" means, with respect to a product, a Clinical Trial performed to gain evidence with statistical significance of the efficacy of such product in a target population and to obtain expanded evidence of safety for such product that is needed to evaluate the overall benefit-risk relationship of such product, to form the basis for approval of a BLA by a Regulatory Authority and to provide an adequate basis for physician labeling, as described in 21 C.F.R. 312.21(c), as amended from time to time, or the corresponding regulation in jurisdictions other than the United States.

1.179 "**Pivotal Study**" means, with respect to a product, a Clinical Trial that is intended to: (a) obtain sufficient efficacy and safety data in patients with the disease being studied to support Regulatory Approval of such product, and define contraindications, warnings, precautions and adverse reactions that are associated with the product in the dosage range to be prescribed, or (b) otherwise support Regulatory Approval for such product, including Clinical Trials supporting accelerated Regulatory Approval or conditional Regulatory Approval, in each case (a) and (b) without the conduct of any additional Clinical Trials. For clarity, a Pivotal Study may be a Phase II Clinical Trial, a Phase I/II Clinical Trial, or a Phase III Clinical Trial. In the case of an adaptive design, a Clinical Trial will become a Pivotal Study upon the initiation of the contemplated expansion cohort intended to support Regulatory Approval.

1.180 "**PMDA**" means the Japanese Pharmaceuticals and Medical Devices Agency or any successor entity thereto.

1.181 "**Preclinical Supplies**" has the meaning set forth in Section 7.1.

1.182 "**Pricing and Reimbursement Approval**" means, with respect to any country or jurisdiction in which one or more Governmental Authorities determine or approve the pricing at which a product will be charged to, or reimbursed by, public or private payors, the approval, agreement, determination or decision by such applicable Governmental Authority(ies) establishing the pricing and reimbursement status for such product for any such payor or group of payors.

1.183 "**Program**" means the activities conducted under this Agreement corresponding to a Program Target, and references to a Program hereunder refer to all such activities conducted for such Program Target both during the applicable Research Term and thereafter during the Term (including with respect to Licensed Compounds and Licensed Products Directed To such Program Target).

1.184 "**Program Specific Know-How**" means, on a Program-by-Program basis, any and all Collaboration Know-How related to a Licensed Compound or Licensed Product Directed To the relevant Program Target, or the composition, manufacture or method of use of such Licensed Compound or Licensed Product, but excluding any Collaboration Know-How that (a) relates to an individual Component of such Licensed Compound or Licensed Product that is not itself Directed To a Program Target (and does not specifically relate to such Licensed Compound or Licensed Product), or (b) is a generally applicable manufacturing method that is not specific to a Program Target, Licensed Compound or Licensed Product. For the avoidance of doubt, Program Specific Know-How excludes any CFE Collaboration Know-How.

1.185 "**Program Specific Patents**" means, [*].

1.186 "**Program Target**" means each of the three Targets listed on Schedule 1.186, as the context requires. The first Program Target has been selected as of the Effective Date and is listed on Schedule 1.186, and the second and third Program Targets will automatically be added to Schedule 1.186 pursuant to Section 4.1(a).

1.187 "**Program Target Nomination Date**" means the date on which the second Program Target or third Program Target, as applicable, is designated as a Program Target pursuant to Section 4.1(a).

1.188 "**Program Transfer**" has the meaning set forth in Section 5.1.

1.189 "**Promotion**" means, with respect to a product, any activities aimed at encouraging the use of such product, including the marketing, promoting, detailing, contract administration, account management and advertising (including educating, speaking programs and promotional symposia) of such product, including preparation for any of the foregoing.

1.190 "**Prosecute and Maintain**" means, with respect to Patent Rights, activities directed to (a) preparing, filing, prosecuting and maintaining such Patent Rights in any country, including, for clarity, filing patent applications and responding to office actions therefor, and (b) conducting any patent office or regulatory agency interference, re-issue, reexamination, supplemental examination, inter partes or post-grant review proceedings, revocation, nullification, or

cancellation proceeding relating to the foregoing (but excluding, for clarity, defense of challenges to the applicable Patent Rights as a counterclaim in an infringement proceeding).

1.191 "**Public Official**" has the meaning set forth in Section 11.4(e).

1.192 "**Publishing Notice**" has the meaning set forth in Section 10.1.

1.193 "**Purple Book**" has the meaning set forth in Section 13.7.

1.194 "**Reconciliation Report**" has the meaning set forth in Section 8.6(b)(iii).

1.195 "**Regulatory Approval**" means, for a particular country or jurisdiction, all approvals from the relevant Regulatory Authority necessary to initiate marketing and selling a pharmaceutical product in such country or jurisdiction. Regulatory Approval includes Pricing and Reimbursement Approval if Pricing and Reimbursement Approval is required under Applicable Laws to market and sell a product in such particular country or jurisdiction.

1.196 "**Regulatory Authority**" means any Governmental Authority, including the FDA, EMA, PMDA or any health regulatory authority in any country or jurisdiction that is a counterpart to the foregoing agencies, in each case, that holds responsibility for the Development, Manufacture, distribution, importation, exportation and Commercialization of, and the granting of Regulatory Approval for, a pharmaceutical or biological product in such country or jurisdiction.

1.197 "**Regulatory Materials**" means any documentation comprising any submission or application with any Regulatory Authority with respect to a product or its use or potential use in humans, including any documents submitted to any Regulatory Authority and all supporting data, including INDs, MAAs, clinical trial agreements and Pricing and Reimbursement Approvals in any country or regulatory jurisdiction, together with all related correspondence to or from any Regulatory Authority.

1.198 "**Research**" means any activities related to discovery, compound creation, improvement and enhancement, research, pre-clinical and other non-clinical testing, including IND-enabling studies.

1.199 "**Research Budget**" has the meaning set forth in Section 4.2.

1.200 "**Research Costs**" means, with respect to a given Research Plan in a given period, the Internal Costs and External Costs incurred by Sutro (or its Affiliate) that are directly attributable or reasonably allocable to the conduct of Research activities set forth in the applicable Research Plan during such period and are in accordance with the applicable Research Budget.

1.201 "**Research Plan**" has the meaning set forth in Section 4.2.

1.202 "**Research Records**" has the meaning set forth in Section 4.7.

1.203 "**Research Term**" means (a) with respect to the Program for the first Program Target, the period of time beginning on the Effective Date and ending [*]after the Effective Date, and (b) with respect to the Programs for each of the second and third Program Targets, the period

of time beginning on the date of commencement of the first activity under the Research Plan for such Program Target after approval of such Research Plan by the JSC and ending [*]thereafter, in each case as may be extended pursuant to Section 4.4; provided that, if, at an any time during the applicable Research Term, Sutro [*].

1.204 "**Results**" has the meaning set forth in Section 4.7.

1.205 "**Revenue Report**" has the meaning set forth in Section 8.6(b)(ii).

1.206 "**Reversion Product**" means the Licensed Compounds or Licensed Products Directed To a Program Target for which this Agreement has been terminated in its entirety, solely in the form such Licensed Compounds or Licensed Products (as applicable) exist on the effective date of termination of this Agreement with respect thereto. Reversion Product expressly excludes [*].

1.207 "**Royalty Term**" means, with respect to a Licensed Product in a given country, the period beginning on the First Commercial Sale of such Licensed Product in such country and ending upon the later of: (a) the tenth (10th) anniversary of the date of the First Commercial Sale of such Licensed Product in such country; and (b) the expiration of the last Valid Claim of the Program Specific Patents and Sutro Component Patents that claims the composition of matter of such Licensed Product in such country.

1.208 "**Sales Milestone Event**" mean a sales milestone event set forth in Section 8.4.

1.209 "**Sales Milestone Payment**" means a sales milestone payment set forth in Section 8.4.

1.210 "**Sales Representative**" means, with respect to a Party, an employee or contractor of such Party or its Affiliate engaged to Promote a Cost Share Product on behalf of such Party or its Affiliate in the United States.

1.211 "**Second Program Target Nomination Period**" has the meaning set forth in Section 4.1(a).

1.212 "**Securities Regulator**" has the meaning set forth in Section 10.2(b).

1.213 "**Segregate**" or "**Segregated**" means, with respect to an Acquiring Person COC Program or Acquired COC Program, to (a) ensure that none of the Sutro Technology or intellectual property or Confidential Information of Astellas will be used in the Acquiring Person COC Program or Acquired COC Program (including that none of the Sutro Technology or intellectual property or Confidential Information of Astellas will be provided to any personnel working on the Acquiring Person COC Program or Acquired COC Program); (b) ensure that no personnel of Sutro or its Affiliates (immediately prior to the consummation of the transaction), including any employee, contractor or consultant of Sutro or such Affiliates, that are or were involved with any activities under this Agreement shall be allowed to work on the Acquiring Person COC Program or Acquired COC Program; (c) conduct the Acquiring Person COC Program or Acquired COC Program, as applicable, separately from any activities conducted under this Agreement, including

the maintenance of separate lab notebooks and records and utilization of separate personnel; and (d) establish reasonable firewall protections and safeguards reasonably acceptable to Astellas are designed to ensure that the research, development or commercialization of such Acquiring Person COC Program or Acquired COC Program is segregated from the research, development or commercialization of the Licensed Compounds and Licensed Products.

1.214 "**Selling Party**" has the meaning set forth in Section 1.155.

1.215 "**Shared Patent Enforcement Costs**" has the meaning set forth in Section 13.3(e).

1.216 "**Shared Patent Term Extension Costs**" has the meaning set forth in Section 13.6.

1.217 "**Stanford Agreement**" means that certain Amended and Restated Exclusive Agreement between the Board of Trustees of the Leland Stanford Junior University and Fundamental Applied Biology, Inc. dated October 3, 2007, including all amendments and assigns.

1.218 "**Subcontract**" has the meaning set forth in Section 2.2(c).

1.219 "**Subcontractor**" has the meaning set forth in Section 2.2(c).

1.220 "**Sublicense**" has the meaning set forth in Section 2.2(a).

1.221 "**Sublicensee**" has the meaning set forth in Section 2.2(a).

1.222 "**Supply Failure**" has the meaning set forth in Section 7.5(c).

1.223 "**Sutro**" has the meaning set forth in the preamble.

1.224 "**Sutro Collaboration Know-How**" means any and all Collaboration Know-How generated, developed, conceived or reduced to practice solely by Sutro, its Affiliates or its or their sublicensees (or on its or their behalf) in the course of performing activities or exercising rights under this Agreement, excluding any (a) CFE Collaboration Know-How or (b) Program Specific Know-How.

1.225 "**Sutro Collaboration Patents**" means [*].

1.226 "**Sutro Component Patents**" means [*].

1.227 "**Sutro Existing In-License**" has the meaning set forth in Section 2.3(b).

1.228 "**Sutro General Component Patent**" means [*].

1.229 "**Sutro Indemnitee**" has the meaning set forth in Section 12.1(b).

1.230 "**Sutro Know-How**" means any and all Know-How Controlled by Sutro or any of its Affiliates as of the Effective Date or during the Term that is necessary or useful for the Research, Development, Manufacturing or Commercialization of Licensed Compounds or Licensed

Products. Sutro Know-How includes the Sutro Collaboration Know-How and Sutro Manufacturing Know-How. Sutro Know-How excludes the Program Specific Know-How.

1.231 "**Sutro Manufacturing Know-How**" means any and all Know-How Controlled by Sutro or any of its Affiliates as of the Effective Date or during the Term necessary or useful for the Manufacture of Licensed Compounds or Licensed Products, excluding any CFE Know-How.

1.232 "**Sutro Patents**" means [*].

1.233 "**Sutro Program Specific Component Patents**" means Sutro Component Patents that are specific to (a) [*]or (b) [*].

1.234 "**Sutro Technology**" means the Sutro Know-How and the Sutro Patents.

1.235 "**Sutro Trademarks**" means any corporate logo or Trademark of Sutro used by Sutro to identify Sutro or any of its Affiliates, and all intellectual property rights and goodwill associated with any and all of the foregoing.

1.236 "**Target**" means a particular protein, protein complex or modification on such protein, including variants thereof.

1.237 "**Term**" has the meaning set forth in Section 14.1.

1.238 "**Termination Notice Period**" has the meaning set forth in Section 14.8.

1.239 "**Termination Transition Period**" has the meaning set forth in Section 14.10(b)(ii)(B).

1.240 "**Territory**" means worldwide.

1.241 "**Third Party**" means any Person other than a Party or an Affiliate of a Party.

1.242 "**Third Party Cost Share In-License Payments**" means, with respect to a given Cost Share Product, all milestone, royalty, and other payments (including required reimbursement for costs incurred in connection with enforcement or other actions and required sharing of certain recoveries) accrued after the Option Effective Date for such Cost Share Product, in each case to the extent (a) paid by Astellas (or its Affiliates) to any Third Party pursuant to a Third Party In-License Agreement (other than any Initial Plan Component In-License or a Sutro Existing In-License, for which Sutro will bear 100% of the costs) or, if Astellas agrees to share equally in such costs pursuant to Section 2.3(b), paid by Sutro (or its Affiliates) to any Third Party pursuant to an Sutro Existing In-License (other than the Stanford Agreement) and (b) attributable to the Cost Share Product in the United States.

1.243 "**Third Party Infringement**" has the meaning set forth in Section 13.3(a).

1.244 "**Third Party In-License Agreement**" has the meaning set forth in Section 2.3(a).

1.245 "**Third Program Target Nomination Period**" has the meaning set forth in Section 4.1(a).

1.246 "**Trademark**" means any trademark, trade name, service mark, service name, product name, brand, domain name, trade dress, logo, slogan, or other indicia of origin or ownership, and (a) all registrations, applications for registrations, and other intellectual property rights associated with any of the foregoing, and (b) the goodwill associated with each of the foregoing.

1.247 "**Trademark Costs**" has the meaning set forth in Section 6.10(c).

1.248 "**Transition Agreement**" has the meaning set forth in Section 14.10(b)(ii).

1.249 "**Unavailable**" means, with respect to a Target, that such Target is the subject of and specifically identified in (a) [*]where such agreement would (i) preclude the granting of exclusive rights to Astellas as contemplated in this Agreement and (ii) would grant to such Third Party exclusive development or commercialization rights [*] to such Target, (b) a definitive agreement with a Third Party that (i) precludes the granting of exclusive rights to Astellas as contemplated in this Agreement or (ii) grants to such Third Party exclusive development or commercialization rights for [*]to such Target, or (c) an active, ongoing internal program at Sutro or its Affiliate [*]. For purposes of this definition, [*].

1.250 "**United States**" or "**U.S.**" means the United States of America and its territories and possessions.

1.251 "**UPC**" means the Unified Patent Court as defined in Article 2 of the Agreement on a Unified Patent Court (2013/C 175/01) ("**UPCA**").

1.252 "**UPCA**" has the meaning set forth in Section 1.251.

1.253 "**Upfront Payment**" has the meaning set forth in Section 8.1.

1.254 "**Valid Claim**" means a claim of an issued and unexpired Patent Right that has not been abandoned, cancelled or held permanently revoked, unenforceable or invalid by a decision of a court or other governmental agency of competent jurisdiction unappealed within the time allowed for appeal, or that has not been admitted to be invalid or unenforceable through reissue or disclaimer or otherwise.

1.255 "**Violation**" has the meaning set forth in Section 11.4(d).

1.256 "**Working Group**" has the meaning set forth in Section 3.3.

ARTICLE 2
LICENSES

2.1 License Grants.

(a) Exclusive License Grant to Astellas. Subject to the terms and conditions of this Agreement, Sutro (on behalf of itself and its Affiliates) hereby grants to Astellas a sublicensable through multiple tiers (as set forth in Section 2.2), royalty-bearing, exclusive (even as to Sutro and its Affiliates, subject to the remainder of this Section 2.1(a)) license under the Sutro Technology and Sutro's and its Affiliates' interest in the Joint Collaboration Know-How and Joint Collaboration Patents to use, make, have made, sell, have sold, offer for sale, import, export, Research, Develop, Manufacture and Commercialize the Licensed Compounds and Licensed Products in the Field in the Territory. Notwithstanding the foregoing, Sutro retains the right (on behalf of itself and its Affiliates) to practice the Sutro Technology solely to conduct its obligations under any Research Plan or Co-Promotion Plan. For clarity, the license granted to Astellas under this Section 2.1(a) does not include the right to (i) [*], (ii) [*], or (iii) [*]. If Astellas [*].

(b) License Grant to Sutro.

(i) **Research and Manufacturing License**. Subject to the terms and conditions of this Agreement, Astellas (on behalf of itself and its Affiliates) hereby grants to Sutro a non-exclusive, non-transferable (except as set forth in Section 15.1(a)), sublicensable (as set forth in Section 2.2), license during the Term under the Astellas Technology that is necessary for Sutro to perform its obligations under a Research Plan or to perform its Manufacturing obligations pursuant to Article 7 solely for purposes of performing such obligations.

(ii) **CoPro Product License**. Subject to the terms and conditions of this Agreement, on a CoPro Product-by-CoPro Product basis, Astellas (on behalf of itself and its Affiliates) hereby grants to Sutro a non-exclusive, non-transferable (except as set forth in Section 15.1(a)), sublicensable (as set forth in Section 2.2) license during the Term under the Astellas Trademarks and Trademarks for such CoPro Product, in each case solely for the purposes of, and to the extent necessary for, Promoting such CoPro Product in the Field in the United States in accordance with the applicable Co-Promotion Plan, this Agreement and Trademark use guidelines that may be provided by Astellas from time-to-time. For purposes of clarity, subject to the foregoing license, Astellas and its Affiliates shall have the right, in their sole discretion, to co-promote the Licensed Products with any other Person(s), or to appoint one or more Third Parties to promote the Licensed Products without Astellas in all or any part of the Territory.

2.2 Sublicensing; Subcontracting; Affiliates.

(a) Astellas Sublicensing Rights. Astellas shall have the right to (i) grant licenses to or under its rights with respect to the Development or Commercialization of Licensed Compounds and Licensed Products or (ii) grant sublicenses of the rights and licenses granted to it by Sutro under this Agreement, in each case (i) and (ii) through multiple tiers, to Third Parties without Sutro's prior consent (each such Third Party, a "**Sublicensee**"), provided that for any Cost Share Product, Astellas shall only have the right to grant licenses or sublicenses of its rights with respect to such Cost Share Product in the United States to Third Parties with Sutro's prior consent, such consent not to be unreasonably withheld, conditioned or delayed. Each license or sublicense to Third Parties pursuant to this Section 2.2(a) must be pursuant to a written agreement (each a "**Sublicense**") that is consistent with the terms and conditions of this Agreement, including the terms regarding confidentiality and ownership of intellectual property rights. Astellas shall provide Sutro with a copy of each Sublicense within [*] after the grant of such Sublicense, which

copy may be redacted by Astellas provided that such redacted copy shall enable Sutro (A) to identify, at a minimum, the identity and contact information of the Sublicensee, the scope of rights granted, the territory covered and the term of the Sublicense and (B) to verify that such Sublicense complies with this Agreement.

(b) Sutro Sublicensing Rights. Sutro shall have no right to sublicense any of the rights granted to it under this Agreement; provided that, subject to the terms and conditions of this Agreement, Sutro shall have the right to grant sublicenses of the rights granted to it (i) under Section 2.1(b) (including with respect to any CoPro Product) to Third Parties, (ii) with respect to any sublicense pursuant to the last sentence of Section 4.7 to service providers engaged by Sutro or its Affiliates in connection with the exercise of such license and (iii) under Section 6.11, in the case of (i) and (ii), with Astellas's prior written consent, such consent not to be unreasonably withheld, and in the case of (iii) with Astellas's prior consent. Each sublicense granted by Sutro pursuant to this Section 2.2(b) (including with respect to any sublicense of rights granted under Section 6.11) must be pursuant to a sublicense that is consistent with the terms and conditions of this Agreement, including the terms regarding confidentiality and ownership of intellectual property rights. Sutro shall provide Astellas with a copy of each such sublicense within [*] after the grant of such sublicense, which copy may be redacted by Sutro provided that such redacted copy shall enable Astellas (i) to identify, at a minimum, the identity and contact information of the sublicensee, the scope of rights granted, the territory covered and the term of the sublicense and (ii) to verify that such sublicense complies with this Agreement.

(c) Right to Subcontract. Subject to the terms and conditions Article 7, each Party may subcontract the performance of any of its obligations under this Agreement to one or more Third Party subcontractors or consultants (each a "**Subcontractor**"); provided that (i) each such subcontract shall be pursuant to a written agreement (a "**Subcontract**"); (ii) the subcontracting Party shall remain liable to the other Party for its Subcontractors' compliance with this Agreement and (iii) Astellas's prior written consent shall be required for any subcontracting by Sutro. For clarity, arrangements with contract research organizations, contract manufacturing organizations (each a "**CMO**"), clinical trial sites, distributors, wholesalers, contract sales organizations and similar entities shall be considered Subcontractors and not sublicenses.

(d) General. Each Party shall (i) be fully responsible for the performance of its Sublicensees (in the case of Astellas) or sublicensees (in the case of Sutro) and Subcontractors in compliance with this Agreement, and (ii) be liable for any breach of the terms of this Agreement by any of its Sublicensees (in the case of Astellas), sublicensees (in the case of Sutro) or Subcontractors, as applicable, to the same extent as if such Party itself had committed such breach. Notwithstanding any Sublicense (in the case of Astellas), sublicense (in the case of Sutro), or Subcontract, each shall remain responsible for all payments due to the other Party hereunder.

(e) Affiliates. Each Party may perform any of its obligations, or exercise any of its rights, through one or more of its Affiliates (and Astellas may sublicense any of the rights and licenses granted to its Affiliates), provided that such Party shall (i) be fully responsible for the performance of its Affiliates in compliance with this Agreement, (ii) be liable for any breach of the terms of this Agreement by any of its Affiliates to the same extent as if such Party itself had

committed such breach, and (iii) shall remain responsible for all payments due to the other Party hereunder.

2.3 Third Party In-License Agreements.

(a) Generally. Subject to Sections 2.3(b)-2.3(d), during the Term, the licenses granted under Sections 2.1(a) and 2.1(b) may include intellectual property rights licensed by a Third Party to the license-granting Party (or its Affiliate) (the "**Licensor Party**" and such license a "**Third Party In-License Agreement**"). Other than the Stanford Agreement (which is addressed in the last sentence of Section 2.1(a)), the Parties acknowledge and agree that any sublicense of Third Party intellectual property rights granted by the Licensor Party pursuant to Sections 2.1(a) or 2.1(b) to the other Party shall be subject to the terms and conditions of the Third Party In-License Agreement applicable to sublicensees under which such sublicense is granted.

(b) Sutro Existing In-License. Sutro may use intellectual property in-licensed from Stanford University under the Stanford Agreement for purposes of Manufacturing and supplying CFE as set forth in Article 7. If, during the Term and in the performance of any Research Plan, Sutro desires to use any other Third Party intellectual property, including any Third Party intellectual property relating to a Component, licensed to Sutro (or its Affiliate) pursuant to a Third Party In-License Agreement, in each case solely with respect to in-licenses in effect as of the Effective Date hereof (the Stanford Agreement and each other such agreement a "**Sutro Existing In-License**"), then (i) Sutro shall notify Astellas, via the JSC, of its desire, including providing Astellas with a copy of such Sutro Existing In-License, which agreement may be reasonably redacted, (ii) the JSC shall determine whether to include such Third Party intellectual property in the performance of the Research Plan(s), and (iii) if the JSC determines to include such Third Party intellectual property in the performance of the Research Plan(s), then (A) a sublicense to the included Third Party intellectual property shall be included within the scope of the license of Section 2.1, and (B) [*].

(c) Astellas Existing In-License. If, in the performance of any Research Plan, Astellas desires that Sutro use any Third Party intellectual property, including any Third Party intellectual property relating to a Component, licensed to Astellas (or its Affiliate) pursuant to a Third party In-License Agreement in effect as of the Effective Date hereof (each an "**Astellas Existing In-License**"), then (i) Astellas shall notify Sutro, via the JSC, of its desire, including providing Sutro with a copy of such Astellas Existing In-License, which agreement may be reasonably redacted, (ii) the JSC shall determine whether to include such Third Party Component in the performance of the Research Plan(s), and (iii) if the JSC determines to include such Third Party Component in the performance of the Research Plan(s), then (A) a sublicense to the included Third Party intellectual property shall be included within the scope of the licenses of Section 2.1(b)(i), and (B) Astellas shall be [*].

(d) Initial Plan Component IP. If either Party or both Parties determine that any Third Party intellectual property Covers a Component that is used in a Licensed Compound or Licensed Product and such Component was included in the Research Plan attached hereto as of the Effective Date as Schedule 4.2, and such Third Party Component is not then currently licensed to either Party or its Affiliates in an agreement of sufficient scope to allow for use of such Third Party Component as contemplated in this Agreement, then (i) the JSC shall determine whether to

pursue a license to such Third Party intellectual property for use hereunder, and (ii) if the JSC determines to pursue such a license, then Sutro shall be the Party that negotiates and enters into such license (if and when executed, a "**Initial Plan Component In-License**"), and shall do so in consultation with Astellas taking into consideration Astellas's reasonable comments. For each Initial Plan Component In-License, once executed, [*].

(e) Other Third Party IP. Subject to Sections 2.3(b)-2.3(d), during the Term, if either Party determines that a license to additional Third Party Patent Rights is necessary or reasonably useful to Research, Develop, Manufacture or Commercialize any Licensed Compound or Licensed Product anywhere in the Territory, it shall promptly notify the other Party via the JSC and, unless otherwise agreed to by the Parties in writing, Astellas shall be the Party that negotiates and executes such Third Party license and shall do so in consultation with Sutro taking into consideration Sutro's reasonable comments (if and when executed, an "**Other In-License**"). As between the Parties, [*].

(f) CFE IP. [*].

2.4 Retained Rights. Subject to the terms and conditions set forth herein, including Section 2.6, Sutro retains the exclusive right to practice, license and otherwise exploit the Sutro Technology in the Territory outside the scope of the license granted under Section 2.1(a), including with respect to products other than the Licensed Products. Subject to the terms and conditions set forth herein, Astellas retains the exclusive right to practice, license and otherwise exploit the Astellas Technology in the Territory outside the scope of the licenses granted under Section 2.1(b).

2.5 No Implied Licenses; Negative Covenants. Except as expressly set forth herein, neither Party shall acquire any right, license or other interest, by implication or otherwise, under any Know-How, Trademarks, Patent Rights or other intellectual property of the other Party, pursuant to this Agreement. Astellas shall not, and shall not permit any of its Affiliates to, practice or otherwise exploit any Sutro Technology in the Territory outside the scope of the licenses granted under Section 2.1(a). Sutro shall not, and shall not permit any of its Affiliates to, practice or otherwise exploit any Astellas Technology outside the scope of the license granted in Section 2.1(b).

2.6 Non-Compete.

(a) Competing Products. On a Program Target-by-Program Target basis, during the period beginning on the Effective Date and ending upon the earlier of the termination or expiration of this Agreement with respect to such Program Target, Sutro will not, and will ensure that its Affiliates do not (i) either alone or with a Third Party, make, have made, use, sell, offer for sale, import or otherwise Research, Develop, Manufacture, Commercialize or exploit any Competing Product or (ii) license, authorize, appoint, advise, assist or otherwise enable any Third Party to perform any of the activities in foregoing clause (i). Notwithstanding the foregoing, if[*] .

(b) Exception for Change of Control. Within [*]following the closing date of such transaction Sutro (or its successor) shall provide Astellas with written notice of any Change of Control of Sutro or acquisition by Sutro that involves an Acquiring Person COC Program or

Acquired COC Program. Notwithstanding Section 2.6(a), if Sutro or any of its Affiliates (i) undergoes a Change of Control and, on the date of the closing of such Change of Control, the Acquiring Person has a product or program that, upon the closing of such Change of Control, would be in violation of Section 2.6(a) with respect to a Competing Product ("**Acquiring Person COC Program**"), or (ii) acquires a Third Party by merger, purchase of assets, stock acquisition or otherwise, and on the date of the closing of such transaction, such Third Party has a product or program that, upon the closing of such transaction, would be in violation of Section 2.6(a) ("**Acquired COC Program**"), then Sutro or its Affiliate, as applicable, will not be in breach of Section 2.6(a) as a result of such transaction or the continuation of such Acquiring Person COC Program or Acquired COC Program, as applicable, if (A) the Acquiring Person COC Program or Acquired COC Program is promptly Segregated (and remains Segregated) by such Acquiring Person or Sutro or Sutro Affiliate, as applicable and (B) in the case of an Acquired COC Program, Sutro either (1) divests its rights to such Acquired COC Program within [*]of the closing of such transaction or (2) terminates such Acquired COC Program and ceases any activities under such Acquired COC Program in each case within [*]of the closing of the such transaction (subject to ethical concerns and requirements under Applicable Law); and provides written notice to Astellas within [*]after the closing of such transaction whether Sutro is electing (1) or (2). Notwithstanding the foregoing, Sutro or its Affiliate, as applicable, will not be in breach of Section 2.6(a) in the event of failure to comply with the foregoing clause (A) as long as (i) such failure is and remains not material and (ii) upon becoming aware of such failure, Sutro or its Affiliates immediately notify Astellas in writing of such failure to comply and take all steps reasonably required to promptly cure such failure.

2.7 Confirmatory Patent License. Sutro shall, if requested to do so by Astellas, promptly enter into confirmatory license agreements in a form consistent with this Agreement and reasonably requested by Astellas for purposes of recording the licenses granted under this Agreement with such patent offices in the Territory as Astellas considers appropriate.

ARTICLE 3
GOVERNANCE

3.1 Alliance Manager. Within [*]following the Effective Date, each Party shall appoint one or two individuals to act as the Alliance Managers for such Party (each, an "**Alliance Manager**"). Each Alliance Manager shall thereafter be permitted to attend meetings of the JSC or any of its subcommittees as a nonvoting observer. The Alliance Managers shall be the primary point of contact for the Parties regarding the activities contemplated under this Agreement and shall help facilitate all such activities hereunder.

3.2 Joint Steering Committee.

(a) Composition. Within [*] after the Effective Date, the Parties shall establish a joint steering committee (the "**JSC**") composed of up to three (3) senior representatives from each Party to oversee the Research and Manufacture of Licensed Compounds and Licensed Products and the Development and Commercialization of Cost Share Option Products and Cost Share Products in the United States, as more particularly described in this Section 3.2. The JSC may change its size from time to time on mutual agreement of the Parties; provided, that the JSC shall consist at all times of an equal number of representatives of each Party. Each Party may

replace any of its JSC representatives with a qualified employee of such Party at any time upon written notice to the other Party. The JSC may invite non-members to participate in the discussions and meetings of the JSC; provided, that such participants shall have no voting authority at the JSC and shall be bound by the confidentiality obligations no less stringent than those provided in this Agreement. The JSC will be led by a chairperson appointed by [*]. The role of the chairperson shall be to convene and preside at meetings of such JSC. The chairperson shall have no additional powers or rights beyond those held by the other JSC representatives. Each Party's representatives on the JSC, and any replacement for any such representative, shall be bound by confidentiality and non-use obligations consistent with the terms of this Agreement.

(b) Specific Responsibilities of the JSC. The JSC shall have the following responsibilities:

(i) develop and approve the Research Plan and Research Budget for the second Program Target and third Program Target;

(ii) review, discuss and approve updates or amendments to each Research Plan and Research Budget;

(iii) oversee the conduct and performance of each Program during the Research Term;

(iv) for each Program, discuss the progress of the Research Plan and any interim Results;

(v) determine whether or not to use any Third Party intellectual property in the conduct of a Research Plan;

(vi) discuss whether or not a particular iADC is a DC Compound;

(vii) discuss whether to select DC Compounds for further Development and Commercialization;

(viii) discuss the progress of Development of each Cost Share Option Product and Cost Share Product;

(ix) discuss and decide whether or not a Cost Share Option Product and Cost Share Product may be Developed as part of a Combination Product in the United States;

(x) [*];

(xi) for each Licensed Product for which Astellas is planning to conduct a Pivotal Study, discuss the anticipated initial Cost Share Development Plan and Cost Share Development Budget for such Licensed Product;

(xii) oversee the co-promotion (including Promotion compliance) of each CoPro Product in the United States, if any;

(xiii) review and approve each update to a Cost Share Development Plan and Cost Share Development Budget;

(xiv) review and approve each Cost Share Commercialization Plan and Cost Share Commercialization Budget, and any update thereto;

(xv) discuss timing and coordination of each Manufacturing Technology Transfer and clinical supply manufacturing for each Licensed Product;

(xvi) [*];

(xvii) establish and oversee subcommittees;

(xviii) resolve all matters that are in dispute as escalated to the JSC by a subcommittee; and

(xix) perform such other functions as expressly set forth in this Agreement or as otherwise agreed by the Parties in writing.

(c) Subcommittees. The JSC may, from time to time, establish subcommittees as it deems necessary to further the purposes of this Agreement, including, if Sutro exercises its Cost Share Option, (i) a joint development subcommittee and joint commercialization subcommittee to oversee, respectively, the conduct of the Development and Commercialization activities for the Cost Share Products in the United States, (ii) a joint manufacturing committee to coordinate matters related to the Manufacture of Licensed Compounds and Licensed Products, (iii) a joint finance committee to coordinate matters related to reporting Development Costs, Commercialization Costs, Other Expenses and Cost Share Product Revenues or (iv) a joint co-promotion subcommittee to coordinate the co-Promotion of any CoPro Product. Each such subcommittee shall consist of the same number of representatives designated by each Party, which number shall be mutually agreed by the Parties. Each subcommittee may change its size from time to time on mutual agreement of the Parties; provided, that the subcommittee shall consist at all times of an equal number of representatives of each Party. Each Party may replace any of its subcommittee representatives with a qualified employee of such Party at any time upon written notice to the other Party. The subcommittee may invite non-members to participate in the discussions and meetings of the subcommittee; provided, that such participants shall have no voting authority at the JSC and shall be bound by the confidentiality obligations no less stringent than those provided in this Agreement. Each subcommittee will be led by a chairperson where the Parties will alternate in appointing the chairperson, the first chairperson will be appointed by [*]and each chairperson will remain in place [*]. The role of the chairperson shall be to convene and preside at meetings of such subcommittee. The chairperson shall have no additional powers or rights beyond those held by the other subcommittee representatives. Each Party's representatives on the subcommittee, and any replacement for any such representative, shall be bound by confidentiality and non-use and invention assignment obligations consistent with the terms of this Agreement.

(d) Meetings. The JSC shall each meet once per Fiscal Quarter during the Research Term, or more or less often as may be mutually agreed, and any subcommittee, once

established, shall meet as often as directed by the JSC. The JSC or any of its subcommittees (each, a "**Committee**") may conduct such meetings by telephone, videoconference, internet meeting or in person, as determined by their members for each meeting. A quorum of a Committee shall exist whenever there is present at a meeting at least one representative appointed by each Party. The chairperson of each Committee shall be responsible for calling meetings on reasonable prior notice. Each Party shall use reasonable efforts to make all proposals for agenda items and to provide all appropriate information with respect to such proposed items reasonably in advance (at least [*]if reasonably practicable) of the applicable meeting. The Alliance Managers shall work with the chairperson to prepare and circulate agendas. Each Party may call special meetings of the JSC or any of its subcommittees with [*]' prior written notice, or a shorter time period in exigent circumstances, to resolve particular matters requested by such Party that are within the purview of the JSC or the subcommittee, as applicable. Each Party may invite a reasonable number of participants, in addition to its representatives, to attend Committee meetings in a nonvoting capacity; provided that if either Party desires to have any Third Party (including any consultant) attend such a meeting, such Party shall provide prior written notice of not less than [*]to the other Party and such Third Party shall only be allowed to attend if the other Party consents. Such Party shall ensure that such Third Party is bound by confidentiality and non-use obligations and invention assignment obligations consistent with the terms of this Agreement. Each Party is responsible for its own expenses incurred in connection with participating in and attending all such meetings. The Parties shall alternate responsibility for keeping minutes of each Committee meeting that record in writing all decisions made, action items assigned or completed and other appropriate matters. The responsible Party's Alliance Manager(s) shall send meeting minutes to all members of the Committee, as applicable, promptly after a meeting for review. Each member shall have [*] from receipt in which to comment on and to approve the minutes (such approval not to be unreasonably withheld, conditioned or delayed). If a member, within such time period, does not notify either Party's Alliance Manager(s) that s/he does not approve of the minutes, the minutes shall be deemed to have been approved by such member.

3.3 Working Groups. From time to time each Committee may establish and delegate duties to working groups (each a "**Working Group**") on an "as-needed" basis to oversee particular projects or activities, which delegations shall be reflected in the minutes of the meetings of the applicable Committee. Such Working Groups may be established on an ad hoc basis for purposes of a specific project, for the life of the applicable Licensed Product or on such other basis as the establishing Committee may determine, and shall be constituted and shall operate as the establishing Committee may determine, provided that each Working Group and its activities shall be subject to the oversight, review and approval of, and, shall report to, the Committee that established such Working Group. In no event shall the authority of any Working Group exceed that of the Committee that established it, as specified in this Article 3. For clarity, the Working Groups shall be a forum for discussion and shall be able to make recommendations to the Committees, but shall have no decision-making authority.

3.4 Decision-Making Generally. Each Committee shall endeavor to make decisions by consensus, with the representatives of each Party having, collectively, one (1) vote on behalf of that Party (which vote shall, with respect to the JSC, be exercised by the respective JSC Co-Chairs). Deadlocks in the case of subcommittees and Working Groups shall be referred to the JSC for final disposition. If the JSC cannot reach consensus on a matter before it [*] (each a

"**Deadlocked Matter**"), then either Party may refer such Deadlocked Matter to the Executive Officers for discussion and attempted resolution. If the Executive Officers are unable to resolve such Deadlocked Matter within [*]after referral thereof by the JSC, then [*] will have the tie-breaking vote with respect to any unresolved Deadlocked Matter, except that (a) [*] may not exercise its tie-breaking vote to (i) [*], (ii) [*], (iii) [*]or (iv) [*].

3.5 Authority. Each Committee shall have only such powers as are expressly assigned to it in this Agreement, and such powers shall be subject to the terms and conditions of this Agreement. No Committee shall have the authority to: (a) modify or amend the terms and conditions of the Agreement; (b) waive or determine either Party's compliance with the terms and conditions of the Agreement; or (c) decide any issue on which it has decision making authority in a manner that would conflict with the express terms and conditions of the Agreement.

3.6 Discontinuation of Committee. Each Committee shall continue to exist until the first to occur of (a) the Parties mutually agreeing in writing to disband the such Committee or (b) there are no activities ongoing under any Research Plan, Sutro's Cost Share Options have all expired, and there are no Cost Share Products under this Agreement; provided, however, that[*]. In addition, if there are no activities ongoing under a Research Plan and Sutro's Cost Share Option has expired with respect to a given Licensed Product without being exercised, then the Committee's shall no longer have any authority with respect to such Licensed Product; provided, however, that[*]. Once a Committee ceases to exist or to have authority with respect to a given Licensed Product, any requirement of Sutro to provide information or other materials to such Committee shall be deemed a requirement to provide such information or other materials to Astellas and Astellas shall have the right to solely decide all matters that are subject to the review or approval by such Committee hereunder.

ARTICLE 4
RESEARCH

4.1 Programs; Program Targets.

(a) Collaboration; Program Targets.

(i) The Parties intend to collaborate on research with respect to three (3) Program Targets with the goal of identifying iADCs Directed To such Program Target for further Development and Commercialization as Licensed Compounds and Licensed Products as set forth herein. Subject to this Section 4.1, Astellas shall have the right to nominate Targets as Program Targets until three (3) Targets have been designated as Program Targets. The first Program Target has been mutually agreed upon by the Parties as of the Effective Date and is listed on Schedule 1.186. Subject to the remainder of this Section 4.1(a) and Section 4.1(d), Astellas has the right to nominate the second Program Target on or before the date that is [*]the Effective Date ("**Second Program Target Nomination Period**"), and the third Program Target on or before the date that [*]the Effective Date ("**Third Program Target Nomination Period**").

(ii) If Astellas desires to nominate a Target as a Program Target, it shall provide written notice thereof to the Gatekeeper. Within [*] after receipt of Astellas's nomination of such a Target as a Program Target, the Gatekeeper will notify Astellas and Sutro in writing if

such nominated Target is Available or Unavailable, provided that if such nominated Target is Unavailable then the Gatekeeper shall not notify Sutro of the identity of such Target. Within [*]after receipt of the identity of such Target, Sutro shall provide Astellas with written notice either (A) [*] or (B) [*]. If foregoing clause (B) applies, Sutro shall promptly respond to any reasonable questions Astellas may have with respect to such notice. If such a Target nominated by Astellas as a Program Target is Available and either foregoing clause (A) applies or Astellas, in its sole discretion, provides written notice that it wishes to proceed with such Target despite foregoing clause (B) applying, then such Target shall be designated a Program Target as of the date of the Gatekeeper's notice (or Astellas's written notice if foregoing clause (B) applies) and Schedule 1.186 shall be deemed automatically amended to include such Target as a Program Target. If a Target nominated by Astellas is Unavailable or foregoing clause (B) applies and Astellas does not provide written notice that it wishes to proceed with such Target, then such Target shall not be designated a Program Target and Astellas shall have the right to nominate another Target as a Program Target.

(iii) The JSC may extend the Second Program Target Nomination Period or Third Program Target Nomination Period for [*]; provided that if the un-extended Second Program Target Nomination Period or Third Program Target Nomination Period has expired prior to nomination and identification of a second or third Program Target, respectively, as a result of one or more Targets being Unavailable, such Second Program Target Nomination Period or Third Program Target Nomination Period shall automatically be extended for [*].

(b) Gatekeeper. No later than [*] following the Effective Date, Sutro will engage an independent Third Party gatekeeper mutually agreed to by the Parties (the "**Gatekeeper**"), who will maintain the list of Unavailable Targets. The Parties shall cause the Gatekeeper to, prior to receiving any information from either Party in connection with this Agreement, enter into an agreement containing confidentiality and non-use obligations mutually acceptable to the Parties. Promptly after executing such confidentiality agreement, Sutro will provide the Gatekeeper with a list of Unavailable Targets. Sutro will promptly (and in any event, within [*]) notify the Gatekeeper of any changes in the list of Unavailable Targets until all Program Targets have been successfully nominated. All costs in connection with the Gatekeeper will be borne by Sutro.

(c) Target Becomes Available. If Astellas nominated a Target that the Gatekeeper indicated was Unavailable and such Target has become Available, then, for so long as Astellas retains the right to include a second or third Program Target under this Agreement, the Gatekeeper shall provide written notice to Astellas [*]of becoming aware that such Target has become Available and Astellas shall have the right, in its sole discretion, to designate such Target as the second or third Program Target, as applicable.

(d) Limitation on Unavailable Targets. During the period commencing on the Effective Date and ending on [*] thereof, Sutro shall [*] (i) specifically identifies the included Oncology Targets or has a mechanism for specifically identifying the specific Oncology Targets at a later date and (ii) requires that the Third Party use commercially reasonable efforts to [*]such Oncology Target; provided, that if Sutro enters into an agreement with a Third Party that grants rights [*], such Oncology Targets will only become Unavailable upon being selected and specified pursuant to such agreement.

(e) Antitrust Events. If any Antitrust Events are initiated by any Governmental Authority or are required in connection with the addition of a Target as Program Target, then (i) Sutro shall reasonably cooperate with Astellas in connection with any such Antitrust Events and (ii) Astellas shall have the right to select an alternative Target as the second or third Program Target, as applicable, and the foregoing process in this Section 4.1 shall again apply; provided that in no event shall Astellas have less than [*] after the occurrence of the Antitrust Events to designate an alternative Target (regardless of whether the Second Program Target Nomination Period or Third Program Target Nomination Period, as applicable, has expired).

4.2 Research Plans. Each Program will be conducted during the relevant Research Term pursuant to a written plan (each such plan, a "**Research Plan**") detailing: (a) the activities to be undertaken by Sutro for the discovery, research and preclinical development (i.e., development prior to the conduct of IND-Enabling Toxicology Studies, which shall be the responsibly of Astellas) of iADCs Directed To the relevant Program Target, (b) the timeframes in which such activities are expected to be completed, (c) criteria for an iADC Directed To the Program Target to meet in order to be considered a suitable candidate for further Development as a therapeutic product (each such criteria, the "**Development Criteria**"), which criteria shall include freedom to operate from an intellectual property perspective as well as technical requirements, and (d) for each Fiscal Year during the Research Term, a budget for Sutro to conduct the activities under the plan during such Fiscal Year (each such budget, a "**Research Budget**"). The Research Plan (including Research Budget) for the first Program Target is attached hereto as Schedule 4.2. Promptly following the Program Target Nomination Date for the second Program Target and third Program Target, respectively, the JSC shall prepare and approve a Research Plan (including Research Budget) for such Program Target.

4.3 Amendments to Research Plans. Either Party shall have the right to propose amendments to a Research Plan, provided that any such amendments shall be subject to review and approval by the JSC. Once approved by the JSC, each amended Research Plan shall become effective and supersede the previous Research Plan as of the date of such approval or at such other time as decided by the JSC. Without limiting the JSC's rights to review and approve any amendments to a Research Plan, and subject to the terms and conditions of this Agreement, Sutro shall have the right, without seeking JSC approval, to make operational decisions with respect to the performance of any activity assigned to under a Research Plan; provided that such activity is conducted in accordance with the Research Plan, this Agreement and Applicable Law.

4.4 Research Term Extension. On a Program-by-Program basis, Astellas shall have the right, in its sole discretion, to extend the Research Term for such Program by [*], exercisable by written notice to Sutro at [*]prior to the expiration of the then-current Research Term.

4.5 Research Costs. For each Program, Astellas shall reimburse Sutro for all of Sutro's Research Costs incurred in the conduct of the relevant Research Plan in accordance with the Research Budget. With respect to each Research Plan, within [*] after the end of each Fiscal Quarter during the applicable Research Term, Sutro shall send a report to Astellas detailing Sutro's Research Costs incurred under such Research Plan for such Fiscal Quarter and an invoice for such Research Costs. Astellas may reasonably request additional documentation supporting Sutro's Research Costs as described in such reports (e.g., out-of-pocket cost breakdowns and general

allocation of FTEs) within [*] from receipt of Sutro's report and invoice, and Sutro shall provide such documentation as reasonably requested. Astellas shall pay all undisputed invoiced amounts within [*] after receipt of any such invoice and related supporting documentation from Sutro; provided that, in no event shall Astellas be obligated to reimburse amounts in excess of the applicable Research Budget.

4.6 Diligence. On a Program-by-Program basis, during the applicable Research Term, Sutro shall conduct (itself or through its Affiliates) each Research Plan in accordance with such Research Plan and this Agreement and shall [*] do so in accordance with the timeline set forth in such Research Plan. Sutro shall conduct each Research Plan in a good scientific manner, in accordance with GLP, GMP and GCP, as applicable, and in compliance with Applicable Laws.

4.7 Records; Reports; Audits. Sutro shall maintain complete and accurate records of the activities it conducts under a Research Plan in good scientific manner and appropriate for regulatory and patent purposes ("**Research Records**"), Sutro shall maintain the Research Records for [*] after the termination of this Agreement, or for such longer period as may be required by Applicable Law and, thereafter, shall provide written notice to Astellas and, at Astellas's request, access to such Research Records prior to discarding. Sutro shall keep Astellas, via the JSC, reasonably informed as to the progress of its and its Affiliates' research activities for each Program. Without limiting the foregoing, on a Program-by-Program basis, Sutro shall provide Astellas, via the JSC, with regular reports (but in any event no less than [*] per [*]) of the data and results ("**Results**") generated by it (or on its behalf) in conducting activities under the relevant Research Plan. With respect to a given Program, during the relevant Research Term, Astellas shall have the right to audit the Research Records for such Program to ensure compliance with this Agreement on reasonable prior written notice to Sutro and no more than once per Fiscal Year absent cause. All Collaboration Know-How (including Results) generated by a Party or its Affiliates (or on its or their behalf) during the conduct of a Program shall be owned in accordance with Section 13.1, provided that on a Program-by-Program basis, Sutro shall have a non-exclusive, royalty-free, fully-paid up, perpetual license to use the Program Specific Know-How for such Program for its and its Affiliates' internal preclinical research purposes only, subject to the terms and conditions of this Agreement, including Section 2.6. The foregoing license shall not be sublicenseable (other than, subject to Section 2.2(b), to service providers engaged by Sutro or its Affiliates in connection with the exercise of such license) or assignable (other than in connection with a permitted assignment of this Agreement in accordance with Section 15.1(a)) to any Third Party.

4.8 Achievement of Development Criteria. In addition to its reporting obligations under Section 4.7, on a Program-by-Program basis, during the Research Term for such Program, Sutro shall promptly provide written notice to Astellas, via the JSC, of any iADC Directed To the applicable Program Target that is generated by or on behalf of Sutro or its Affiliates during the conduct of the Research Plan (each a "**Collaboration Compound**"), together with (a) [*], (b) a summary of [*], and (c) [*]. Sutro shall promptly respond to any reasonable questions Astellas may have with respect to such Compound Notice. Within [*]after delivery of a Compound Notice, the JSC shall meet and discuss whether or not the Collaboration Compound meets the relevant Development Criteria; provided that Astellas [*] (each such [*], a "**DC Compound**").

4.9 Additional Review; Failure to Generate DC Compounds.

(a) On a Program-by-Program basis, beginning [*] prior to the expiration of the Research Term, the Parties will meet to review all Collaboration Compounds that have not been nominated by Astellas as DC Compounds prior to such meeting in accordance with Section 4.8 (for clarity, if the Research Term for a Program is extended pursuant to Section 4.4, the time period for reviewing all Collaboration Compounds shall begin [*] prior to the expiration of such extended Research Term.). Astellas may request reasonable information and clarifications within [*]after such meeting, and Sutro will respond to such requests in good faith within [*] after such request. Astellas may nominate any or all such Collaboration Compounds as a DC Compounds by providing written notice thereof to Sutro after receipt of Sutro's response, but in no event after the end of the Research Term unless Sutro has failed to provide the foregoing information and clarifications requested by Astellas with respect to such Collaboration Compound, in which case the time during which Astellas may nominate such Collaboration Compound shall be extended to [*]after Astellas's receipt of such information and clarifications.

(b) On a Program-by-Program basis, unless Astellas has nominated at least one (1) DC Compound for such Program as set forth in Section 4.8 or this Section 4.9, this Agreement shall be deemed terminated with respect to such Program and Program Target, and Section 14.10 shall apply with respect to such Program and Program Target (and, for clarity, Section 2.6 shall cease to apply with respect to such Program Target).

ARTICLE 5
LICENSED PRODUCT DEVELOPMENT AND COMMERCIALIZATION

5.1 Transfer. On a Program-by-Program basis, within [*]and [*]following Astellas's request from time-to-time during the Term, Sutro shall, to the extent not already provided to Astellas hereunder, transfer to Astellas the (a) Program Specific Know-How and (b) existing Sutro Know-How pertaining to the Licensed Compound(s) for such Program that is necessary or reasonably useful for the Development, Manufacturing and Commercialization of such Licensed Compound (for clarity, excluding any CFE Know-How, which transfer is governed by Section 7.4) (each such transfer a "**Program Transfer**"). In addition, Sutro shall provide Astellas with technical and scientific assistance as reasonably requested by Astellas in connection with such Program Transfer. Astellas [*].

5.2 Responsibility. Subject to the terms and conditions of this Agreement, including Article 6 and Article 7, on a Program-by-Program basis, following the completion of the relevant Program Transfer, as between the Parties, Astellas shall have the sole right, at its sole cost and expense, to Develop, Manufacture and Commercialize all Licensed Compounds and Licensed Products Directed To the applicable Program Target the Field in the Territory, including that Astellas shall have the sole right to obtain and maintain Regulatory Approval of any Licensed Product in the Territory and shall own and be responsible for all Regulatory Materials in connection therewith. Sutro shall be responsible for any required Regulatory Approvals specific to the CFE Technology.

5.3 Development.

(a) Programs. On a Program-by-Program basis, as between the Parties, Astellas shall have the sole right to conduct all Development of Licensed Compounds and Licensed

Products Directed To the Program Target for such Program; provided that, if such Licensed Product is a Cost Share Product, such Development shall be consistent with a Cost Share Development Plan.

(b) Diligence; Abandonment.

(i) On a Program-by-Program basis, following designation of an iADC as a DC Compound for such Program, Astellas shall use Commercially Reasonable Efforts to Develop and obtain Regulatory Approval for at least [*] Licensed Product Directed To the Program Target for such Program in at least [*] Major Markets.

(ii) On a Program-by-Program basis, if, after the Research Term for a Program and prior to the First Commercial Sale of any Licensed Product Directed to the Program Target for such Program, Astellas has not engaged in any material Development for any Licensed Compounds or Licensed Products Directed To such Program Target for a period of [*], Astellas shall promptly notify Sutro thereof, in which case this Agreement shall be deemed terminated under Section 14.2 with respect to such Program with immediate effect upon Sutro's receipt of such notice (and, for clarity, Section 2.6 shall cease to apply with respect to such Program Target). Notwithstanding the foregoing, [*](A) during any force majeure event, (B) to the extent Development activities are not undertaken during any governmental regulatory review periods or delays necessary to address regulatory matters; (C) to the extent Development activities are not undertaken to comply with any change in Applicable Laws or (D) to the extent Astellas reasonably determines that additional time is required to investigate, respond to or resolve any patient safety issue. In each case of clauses (A) – (D), Astellas shall notify Sutro in writing of the existence of the tolling event and shall provide reasonable updates regarding the tolling event. For clarity, the termination under this Section 5.3(b)(ii) shall not apply with respect to a Program prior to the expiration of the Research Term for such Program or after the First Commercial Sale of any Licensed Product Directed to the Program Target for such Program.

(c) Development Report. No less than [*], Astellas shall provide Sutro with a report summarizing Astellas's Development of Licensed Compounds and Licensed Products that are not Cost Share Products under each Program.

5.4 Sutro Obligations; Right of Reference.

(a) Reasonable Assistance. Upon Astellas's reasonable request, Sutro shall provide reasonable and timely access to, use of and support for any then-existing regulatory and technical documents Controlled by Sutro and relating to any Licensed Compound or Licensed Product (or Component thereof or CFE Technology used in connection therewith) to assist Astellas with its submission of an IND or other Regulatory Material for such Licensed Compound or Licensed Product. Astellas shall reimburse Sutro for the Internal Costs and External Costs incurred by Sutro in providing assistance pursuant to this Section 5.4 with respect to Licensed Products (excluding, for clarity, assistance related to CFE Technology) within [*]of a Astellas's receipt of an undisputed invoice from Sutro.

(b) Right of Reference. Sutro hereby grants to Astellas a "Right of Reference," as that term is defined in 21 C.F.R. § 314.3(b) (or any successor rule or analogous Applicable

Laws recognized outside of the United States) to, and a right to copy, access, and otherwise use, all information and data in any Regulatory Material or Regulatory Approval Controlled by Sutro or its Affiliates during the Term, solely for Astellas's use in the Development and Commercialization of Licensed Products during the Term in accordance with this Agreement. Any Confidential Information of Sutro contained in any such Regulatory Materials or Regulatory Approvals shall be subject to the terms of Article 9. If requested by Astellas, Sutro shall provide a signed statement to this effect in accordance with 21 C.F.R. § 314.50(g)(3) (or any successor rule or analogous Applicable Laws outside of the United States) to give effect to the intent of this Section 5.4(a). Notwithstanding the foregoing, if Astellas requires access to any technical information that is part of the proprietary and confidential CFE Know-How (including CMC information associated with the CFE Technology), or if Astellas receives any Regulatory Authority inquiries regarding the CFE Know-How, then Astellas will promptly notify Sutro and Sutro shall, as specified by a Regulatory Authority or if not specified, in Sutro's discretion, (i) provide such information via a Right of Reference to a drug master file (or its equivalent in the applicable country or region in the Territory) filed by Sutro in the applicable country or region in the Territory or (ii) provide or cause to be provided such information directly to the appropriate Regulatory Authority, in each case without disclosure to, or access by, Astellas or any of its Affiliates or Sublicensees of any such CFE Know-How.

(c) CFE Related Communications with Regulatory Authorities. [*] shall be responsible for communications with Regulatory Authorities specific to the CFE Technology and shall respond to any requests or inquiries from Regulatory Authorities related thereto within the timeframe required for response. [*]shall notify [*]within [*], or such shorter time as is necessary to comply with the reporting requirements of any applicable Regulatory Authority or under Applicable Laws, of notification of any action by, or other information that it receives (directly or indirectly) from, any Regulatory Authority related to the CFE Technology to the extent such information: (i) [*]. [*]shall also promptly provide [*] with a copy of all correspondence received from a Regulatory Authority specifically regarding the matters referred to above. [*] shall consider in good faith any comments from Astellas prior to responding to the applicable Regulatory Authority.

(d) Notification of Threatened Action; Remedial Actions. Astellas shall promptly notify Sutro of any threatened or pending action, inspection or communication by any Regulatory Authority specifically regarding the safety or efficacy claims of any Licensed Compound or Licensed Product. Without limiting the foregoing, Astellas shall promptly notify Sutro if it obtains information indicating that any Licensed Product may be subject to any recall or corrective action taken by virtue of Applicable Law.

5.5 Commercialization.

(a) Diligence. Astellas shall use Commercially Reasonable Efforts to Commercialize a Licensed Product in at least [*] in the Territory following receipt of Regulatory Approval for such Licensed Product in such country. Astellas shall conduct all such Commercialization in compliance with Applicable Laws.

(b) Commercialization Reports. Beginning [*] prior to the expected First Commercial Sale of a Licensed Product anywhere in the Territory, and [*] thereafter, Astellas shall

provide Sutro a report summarizing its Commercialization of Licensed Products that are not Cost Share Products in the Territory.

(c) Patent Marking. Astellas may, as it deems appropriate, mark Licensed Products in accordance with the applicable patent marking laws.

5.6 Trademarks. As between the Parties, Astellas will solely own all right, title and interest in and to any Trademarks adopted for use with the Licensed Products in the Field in the Territory, and will be responsible for the registration, filing, maintenance and enforcement thereof.

ARTICLE 6
COST SHARE PRODUCTS

6.1 Sutro Cost Share Option. On a Licensed Product-by-Licensed Product basis, Sutro shall have, and Astellas hereby grants to Sutro as of the Effective Date, the exclusive option (exercisable in Sutro's sole discretion) to (a) [*] (the "**Cost Share Option**"), and (b) [*] (the "**CoPro Option**," together with the Cost Share Option the "**Options**"), [*].

6.2 Option Notice. On a Licensed Product-by-Licensed Product basis, at least [*]prior to the anticipated date of Initiation of the first Pivotal Study for such Licensed Product (as such date of Initiation is set forth in the draft Cost Share Development Plan provided pursuant to this Section 6.2 or otherwise determined by the JSC, each an "**Anticipated Pivotal Study Date**"), Astellas shall provide to Sutro, to the extent not already in Sutro's possession (a) all material clinical data to be included in the clinical study report (CSR) for all Clinical Trials conducted prior to initiation of the first Pivotal Study in the form then available, (b) all material preclinical data as well as all material data related to Development work conducted on such Licensed Product, (c) documentation of all substantive interactions with Regulatory Authorities as well as Regulatory Materials (e.g. the IND) for such Licensed Product, and (d) a U.S. development plan describing the overall plan for the Development of Licensed Compounds and Licensed Products in the United States, including all Clinical Trials intended to support Regulatory Approval from the FDA for such Licensed Product that would be Initiated following Sutro's exercise of a Cost Share Option (if it were to do so), and related budget detailing the fully burdened cost for conducting such Clinical Trials and other Development activities (including for (i) Global Trials and (ii) global activities or activities outside the United States (other than Global Trials) that are reasonably allocable to Development in the United States), including a regulatory strategy for obtaining marketing approval from the FDA for the Licensed Product (each a "**Cost Share Development Plan**" and each corresponding budget, the "**Cost Share Development Budget**"). The Parties shall in good faith discuss such initial Cost Share Development Plan and Cost Share Development Budget through the JSC and the Parties shall discuss and, prior to the Option Effective Date, agree in writing (and outside the purview of JSC discussions) upon [*]. If the Parties cannot reach agreement on such FTE Rates, then the dispute shall be resolved in accordance with Section 15.4(c). Sutro may, in its sole discretion, exercise the Cost Share Option and, in connection with the exercise of such Cost Share Option, exercise the CoPro Option, for such Licensed Product, provided that in each case it must do so by notifying Astellas in writing of such option exercise at least [*]before the Anticipated Pivotal Study Date for the applicable Licensed Product (the date of such notice the "**Option Effective Date**"). For clarity, (A) the CoPro Option for a Licensed Product cannot be exercised unless the Cost Share Option has been exercised for such Licensed

Product and (B) if Sutro has not exercised its Cost Share Option by written notice [*]before the Anticipated Pivotal Study Date for a Licensed Product, such Cost Share Option (and the corresponding CoPro Option) shall terminate.

6.3 Cost Share Products; Cost Sharing. On a Cost Share Option-by-Cost Share Option basis, in the event that Sutro timely exercises such Cost Share Option, then as of the Option Effective Date, the following shall apply (the following collectively the "**Cost Share**" or "**Cost Sharing**"):

(a) such Licensed Product shall also be considered a Cost Share Product, and the terms and conditions herein pertaining to Cost Share Products shall apply to such Licensed Product;

(b) subject to the terms and conditions herein, with respect to such Cost Share Product in or for the United States only (including, for clarity, Global Trials and global activities or activities outside the United States (other than Global Trials) that are reasonably allocable to the United States), the Parties shall:

(i) share all Development Costs, Commercialization Costs and Other Expenses, in each case, for such Cost Share Product, on the basis of [*]to Astellas and [*]to Sutro, which shall be paid as set forth in Section 8.6(b); and

(ii) share all Cost Share Product Revenues, in each case, for such Cost Share Product, on the basis of [*]to Astellas and [*]to Sutro, which shall be paid as set forth in Section 8.6; and

(c) Astellas[*].

6.4 Shared Development Costs.

(a) Sharing. On a Cost Share Product-by-Cost Share Product basis, the Parties shall share all Development Costs for such Cost Share Product [*]in accordance with Section 8.6.

(b) Updates; Amendments. Each Cost Share Development Plan (together with the corresponding Cost Share Development Budget) shall be updated annually for the upcoming Fiscal Year, which update shall be subject to JSC review and approval. Once approved by the JSC, each updated Cost Share Development Plan shall become effective and supersede the previous Cost Share Development Plan.

(c) Rights and Responsibilities. Unless otherwise agreed by the Parties in writing, Astellas shall be the sponsor of all Clinical Trials in the Cost Share Development Plan and, as between the Parties, shall have the sole right to conduct all activities under the Cost Share Development Plan (subject to Sutro's Manufacturing obligations in Article 7). Astellas shall use Commercially Reasonable Efforts to conduct such activities in a good scientific manner, in accordance with GLP, GMP and GCP, as applicable, and in compliance with Applicable Laws. Astellas shall be responsible for obtaining all necessary approvals and clearances, including institutional review board (IRB) approvals, and other Regulatory Approvals and customs

clearances necessary for the conduct of such Clinical Trial, and Astellas shall ensure that all such approvals and clearances are obtained prior to initiating performance of the applicable Clinical Trial. Astellas shall be responsible for selecting the sites and principal investigators for such Clinical Trials and entering into clinical trial agreements in connection therewith. Such clinical trial agreements shall require the Clinical Trial sites to comply with all Applicable Laws and will contain provisions in accordance with industry standards, including those relating to confidentiality, data and results, intellectual property and publications. Astellas shall prepare and obtain the patient informed consent forms for such Clinical Trials, which shall comply with Applicable Law.

(d) Permitted Development Overage. If the aggregate Development Costs in a Calendar Year exceed the estimated aggregate costs and expenses therefor as set forth in the Cost Share Development Budget by up to [*] (the "**Permitted Development Overage**"), then such costs and expenses, to the extent such costs and expenses are within the Permitted Development Overage, shall be included as Development Costs. Unless otherwise mutually agreed upon in writing by the Parties, [*].

6.5 Cost Share Product Development Reports. Unless already included in a report provided to Sutro under Section 5.3(b), at each JSC meeting, Astellas shall provide the JSC with a summary of the progress and results of Development activities for each Cost Share Product in the United States, including, as applicable (a) patient enrollment and the ongoing status of all Clinical Trials included in any Cost Share Development Plan, and (b) the status of each pending and proposed Regulatory Material submission and Regulatory Approval for each Cost Share Product in the United States.

6.6 Shared Commercialization Costs; Co-Promotion.

(a) Sharing. On a Cost Share Product-by-Cost Share Product basis, the Parties shall share all Commercialization Costs for such Cost Share Product [*]in accordance with Section 8.6.

(b) Commercialization Plan. No later than [*]prior to the anticipated First Commercial Sale of such Cost Share Product in the United States, Astellas shall prepare in good faith a commercially reasonable written plan and budget for the activities to be undertaken to Commercialize such Cost Share Product in the United States (including global activities or activities outside the United States that are reasonably allocable to Commercialization in the United States), which plan and budget shall be subject to review and approval by the JSC (each such plan and budget, as approved by the JSC, the "**Cost Share Commercialization Plan**" and "**Cost Share Commercialization Budget**").

(c) Co-Promotion Plan. In addition, in the event that Sutro has exercised a CoPro Option for such Cost Share Product, no later than [*]prior to the anticipated First Commercial Sale of such CoPro Product in the United States, Astellas shall prepare in good faith a commercially reasonable written plan and budget defining the Parties' responsibilities with respect to the Promotion of such Cost Share Product in the United States, which plan and budget shall be subject to review and approval by the JSC (each a "**Co-Promotion Plan**"), which initial Co-Promotion Plan, once mutually agreed upon by the Parties, shall be appended to the Cost Share

Commercialization Plan and shall thereafter form a part of such Cost Share Commercialization Plan. The Co-Promotion Plan shall include a plan setting forth (i) [*], (ii) [*], (iii) [*], (iv) [*], (v) [*]and (vi) [*]. In addition, [*].

(d) Updates and Amendments. Each Cost Share Commercialization Plan (together with the corresponding Cost Share Commercialization Budget) shall be updated annually for the upcoming Fiscal Year, which update shall be subject to JSC review and approval. Once approved by the JSC, each updated Cost Share Commercialization Plan shall become effective and supersede the previous Cost Share Commercialization Plan.

(e) Responsibilities; Diligence. Unless otherwise agreed by the Parties in writing, and subject to any Co-Promotion Plan, Astellas shall, as between the Parties, have the sole right to conduct all activities under a Cost Share Commercialization Plan. Astellas shall conduct all activities assigned to it under a Cost Share Commercialization Plan in compliance with such Cost Share Commercialization Plan, this Agreement and Applicable Laws. Unless otherwise set forth in a Co-Promotion Plan, Astellas shall be solely responsible for obtaining all Regulatory Approvals and customs clearances necessary for the conduct of Commercialization of a Cost Share Product in the United States, and Astellas shall ensure that all such approvals and clearances are obtained prior to Commercialization thereof. Each Party shall use Commercially Reasonable Efforts to perform, or cause to be performed, the Promotion activities assigned to it in a Co-Promotion Plan and shall do so in compliance with such Co-Promotion Plan, this Agreement and Applicable Laws.

(f) Co-Promotion Compliance. All activities conducted by Field Teams in the United States pursuant to a Co-Promotion Plan shall be undertaken in accordance with all Applicable Laws and the terms of this Agreement (including Section 11.4). Each Party agrees to make available to the other Party such information regarding its Field Teams and their Promotion activities in or for the United States as may be provided in the Co-Promotion Plan or otherwise reasonably required in order for each Party to monitor compliance with this Agreement, the Co-Promotion Plan and Applicable Law.

(g) Permitted Commercialization Overage. All costs and expenses for Commercialization activities (for clarity, [*]) for [*] in a manner consistent with the applicable Cost Share Commercialization Plan.

6.7 Communications with Regulatory Authorities.

(a) Regulatory Meetings. Astellas shall provide Sutro with reasonable advance notice of all substantive meetings with the FDA pertaining to a Cost Share Product, or with as much advance notice as practicable under the circumstances. Upon Sutro's request, Astellas shall keep Sutro informed in the preparation and strategy for such substantive meeting and of any discussions and actions relating to the outcome thereof. Sutro shall have the right to attend (including attending in person as applicable), at Sutro's cost and expense (unless such attendance is requested by Astellas, in which case Astellas shall reimburse Sutro for the Internal Costs and External Costs incurred by Sutro in connection with such attendance), all such meetings if Sutro's attendance is required by the applicable Regulatory Authority, and otherwise, if such meeting specifically relates to the Sutro Technology, and Sutro's attendance is permitted by Applicable

Laws and by the applicable Regulatory Authorities, provided that such attendance shall be limited to [*] representatives of Sutro.

(b) Regulatory Filings. Astellas shall provide Sutro with a copy of all MAA submissions to be submitted to the FDA for a Cost Share Product for Sutro's review and comment sufficiently in advance of submission thereof, and Astellas shall reasonably consider incorporating any reasonable comments received from Sutro into such Regulatory Materials. In addition, Astellas shall provide Sutro with written notice of each of the following events with regard to a Cost Share Product in the United States promptly following the occurrence thereof (i) the submission of any MAA for a Cost Share Product to the FDA, and (ii) receipt of or denial of Regulatory Approval from the FDA for a Cost Share Product (or material inquiries from the FDA related to the Regulatory Approval process); provided that in all cases Astellas shall inform Sutro of any such event under (i) or (ii) prior to any public disclosure of such event.

6.8 Pharmacovigilance and Adverse Event Reporting. The Parties shall cooperate with regard to the reporting and handling of safety information involving the Cost Share Products in accordance with Applicable Laws, regulatory requirements, and regulations on pharmacovigilance and clinical safety. At such time as the Parties deem appropriate and to comply with Applicable Law, the Parties shall agree upon pharmacovigilance activities to be conducted by each Party in connection with the Cost Share Products.

6.9 Cost Share Commercialization Reports. At each JSC meeting, (a) Sutro shall provide the JSC a summary of the progress and results of Promotion activities for all CoPro Products, (b) Astellas shall provide the JSC a summary of the progress and results of Commercialization activities for any Cost Share Product, including providing to the JSC a summary of sales forecasts, sales performance reports, and other metrics for Commercializing such Cost Share Product in the United States, as reasonably requested by the JSC.

6.10 Cost Share Product Materials; Cost Share Trademarks.

(a) Cost Share Product Materials. With respect to each Cost Share Product, unless otherwise agreed to by the Parties, Astellas shall create and develop all Cost Share Product Materials to be used in the Promotion of such Cost Share Product in the United States. In the case of Cost Share Product Materials for CoPro Products, Astellas shall provide such Cost Share Product Materials to Sutro for review, and, if received within [*] thereafter, Astellas shall reasonably consider incorporating any reasonable comments received from Sutro into such Cost Share Product Materials. All such Cost Share Product Materials for CoPro Products shall be in accordance with the relevant approved labeling and Regulatory Approval, and in compliance with all Applicable Laws. As between the Parties, Astellas shall own all rights, title, and interests in and to such Cost Share Product Materials, excluding any Sutro Trademarks. For clarity, [*].

(b) Cost Share Product Trademarks. With respect to each Cost Share Product, Astellas shall develop and, as between the Parties, shall own all rights, title, and interests in and to any Trademarks for the Cost Share Product in the United States (each a "**Cost Share Product Marks**"), including all such Trademark registrations and applications therefor and all goodwill associated therewith, but expressly excluding Sutro Trademarks. To the extent Sutro acquires any rights, title, or interests in or to any such Cost Share Product Mark (including any Trademark

registration or application therefore or goodwill associated with any such Cost Share Product Mark), Sutro shall, and hereby does, assign the same to Astellas. Astellas reserves all rights, title or interests in and to Astellas Trademarks, and all goodwill developed by virtue of the use of Astellas Trademarks inures to the benefit of Astellas, regardless of which Party uses Astellas Trademarks in the United States, and Sutro reserves all rights, title or interests in and to Sutro Trademarks, and all goodwill developed by virtue of the use of Sutro Trademarks inures to the benefit of Sutro, regardless of which Party uses Sutro Trademarks in the United States. For clarity, as between the Parties, Astellas shall also own any other Trademarks (other than Sutro Trademarks) used for the Licensed Products and to the extent Sutro acquires any rights, title, or interests in or to any such Trademark (including any Trademark registration or application therefore or goodwill associated with any such Trademark), Sutro shall, and hereby does, assign the same to Astellas.

(c) Registration, Maintenance, and Enforcement. As between the Parties, Astellas shall have the sole right to register, maintain, and enforce the Astellas Trademarks, the Cost Share Product Marks and any other Trademarks used for the Licensed Products during the Term, provided that, Sutro shall have the sole right to register, maintain, and enforce Sutro Trademarks regardless of where they are used. All costs of such registration, maintenance, and enforcement efforts for, as well as the costs incurred in creating, the Cost Share Product Marks shall be shared by the Parties equally (50:50) as Other Expenses to the extent such costs relate to registration, maintenance, and enforcement in the United States of the Cost Share Product Marks (or their creation) used in connection with the Commercialization of the relevant Cost Share Product in the United States (the "**Trademark Costs**").

6.11 Copyright License. Subject to the terms and conditions of this Agreement, each Party hereby grants to the other Party a non-exclusive license, with the right to grant sublicenses through multiple tiers (subject, to the other Party's prior written consent), to use such Party's copyrights solely to perform Promotion activities with respect to the CoPro Products in the United States in accordance with the applicable Co-Promotion Plan and this Agreement.

ARTICLE 7
MANUFACTURING

7.1 Non-GLP Research Material. For each Licensed Compound, Sutro shall Manufacture (itself or through one or more CMOs) and supply to Astellas quantities of such Licensed Compound as Astellas may require in connection with the performance of preclinical activities for such Licensed Compound ("**Preclinical Supplies**"). Sutro shall invoice Astellas for such Preclinical Supplies at a price equal to Sutro's Manufacturing Cost (provided that such Manufacturing Cost shall be calculated without [*], and Astellas shall pay such invoiced amounts within [*]of receipt thereof. Sutro shall Manufacture all Licensed Compounds delivered by it pursuant to this Section 7.1 pursuant to the specifications set forth in the applicable Research Plan or as otherwise agreed by the Parties.

7.2 GLP and Clinical Supply.

(a) Without limiting Section 7.2(b), Sutro shall use Commercially Reasonable Efforts to Manufacture (itself or though one or more CMOs) and supply quantities of Licensed

Compounds or Licensed Products meeting the applicable specifications to Astellas as Astellas (and its Affiliates and Sublicensees) may reasonably require in connection with the conduct of IND-Enabling Toxicology Studies and Clinical Trials that are not Pivotal Studies (which clinical supply may be, at Astellas's request, on a transitional basis until Astellas commences manufacturing following completion of the applicable Manufacturing Technology Transfer pursuant to Section 7.4) at a transfer price equal to Sutro's Manufacturing Cost. Such supply shall be GMP; provided that, at Astellas request, such supply may be GLP that is Manufactured and tested with controls adequate for use for IND-Enabling Toxicology Studies. Beginning [*]after the Effective Date, the Parties shall commence good faith negotiations of a written agreement on commercially reasonable terms setting forth additional terms and conditions of such supply (the "**Clinical Supply Agreement**") and shall enter into the Clinical Supply Agreement [*]. At Astellas's request, at the same time, the Parties shall negotiate in good faith and enter into a quality agreement in connection with such supply. Such Clinical Supply Agreement shall provide for separate statements of work for each Licensed Product, which shall be entered into sufficiently before Astellas needs supply of such Licensed Product.

(b) If Sutro is unable to supply Licensed Compounds or Licensed Products to Astellas as required under the Clinical Supply Agreement (or prior to the execution thereof, as required by Astellas pursuant to Section 7.2(a)) (a "**Clinical Supply Shortage**"), then, unless the Parties otherwise agree in writing, for so long as such Clinical Supply Shortage endures, Sutro shall allocate its available Components, CFE, CFE Reagents and other raw materials used in the Manufacture of such Licensed Compounds and Licensed Products between (i) the Manufacture of such Licensed Compounds and Licensed Products for Astellas on the one hand, and (ii) other uses by Sutro and its Affiliates, on the other hand, in the same proportion as is anticipated to be used based on the first [*]of the applicable forecast most recently submitted by Astellas to Sutro. By way of example, if the Clinical Supply Shortage is due to a shortage of specific Components used in a Licensed Compound, and such Components were to be allocated at a ratio of [*]during such Clinical Supply Shortage.

(c) If, in Astellas's reasonable judgment, Astellas concludes that [*], Astellas shall be free to Manufacture or have Manufactured such Licensed Products and, in such case, Sutro shall effect the technology transfer in Section 7.4 to Astellas or its designated manufacturer(s) in order to permit Astellas, its Affiliates or Astellas CMO(s) to Manufacture Astellas's requirements of such Licensed Products (from the CFE and CFE Reagents to be supplied by Sutro). For clarity, each Licensed Product may receive a separate technology transfer under this Section 7.2(c). Astellas [*].

7.3 Commercial Supply. Subject to Section 7.5, as between the Parties, Astellas shall have the sole right, by itself or through one or more CMOs, to Manufacture and supply GMP quantities of Licensed Products for the conduct of Pivotal Studies and Commercialization of Licensed Products by Astellas, its Affiliates and its and their Sublicensees in the Field in the Territory.

7.4 Manufacturing Technology Transfer.

(a) On a Licensed Product-by-Licensed Product basis, at such time as determined by the JSC, Sutro shall provide to Astellas (i) [*](ii) [*](iii) [*](the foregoing (i), (ii) and (iii), the

"**Manufacturing Technology**"), (iv)[*]. If the Parties have a dispute as to whether Sutro has failed to address and correct such issues, then the Parties shall engage an independent Third Party with sufficient quality expertise or regulatory expertise, as applicable, that shall make such determination [*]. For the avoidance of doubt, such independent Third Party determination shall not [*]. On a Licensed Product-by-Licensed Product basis, at such time as determined by the JSC or upon Astellas's earlier request, the Parties shall negotiate in good faith and enter into a manufacturing technology transfer agreement [*] (each a "**Manufacturing Technology Transfer Agreement**"). For clarity, the Manufacturing Technology is included in the rights licensed to Astellas in Section 2.1(a). Notwithstanding anything to the contrary, the Manufacturing Technology Transfer shall not include any right to access, receive or use any CFE Technology other than the CFE and CFE Reagent supplied by Sutro and as otherwise provided in Section 7.5.

(b) Without limiting the foregoing, at Astellas request with respect to each Licensed Product, Sutro shall provide to Astellas (within [*]after such request) a facility fit documentation package sufficient for Astellas to determine whether it desires to Manufacture or to have an Affiliate or CMO Manufacture such Licensed Product.

7.5 CFE Supply.

(a) Without limiting Section 7.5(e), Sutro shall [*]Manufacture (itself or though one or more CMOs) and supply all quantities of CFE and CFE Reagents meeting the applicable specifications as Astellas, its Affiliates, Sublicensees and Astellas CMO(s) may require for the Manufacture of Licensed Compounds and Licensed Products for Development and Commercialization, at [*]. In connection with each Manufacturing Technology Transfer, Sutro shall (i) provide details of the specifications the CFE is required to meet, including details of how such specifications are determined, (ii) provide the information required to determine quality assurance acceptance testing, and (iii) provide such other technical assistance and support necessary or reasonably useful for Astellas, its Affiliates or Astellas CMO(s) to use the CFE and CFE Reagents for the Manufacture of the Licensed Product. In connection with [*], the Parties shall negotiate in good faith and enter into an agreement on commercially reasonable terms setting forth additional terms for such supply and the details of additional support Sutro shall supply in connection with Astellas's Manufacturing of Licensed Products, (the "**CFE Supply Agreement**"). At Astellas's request, at the same time, the Parties shall negotiate in good faith and enter into a quality agreement in connection with such supply. Such CFE Supply Agreement shall provide for separate statements of work for each Licensed Product, which shall be entered into at the time of the negotiation of the Manufacturing Technology Transfer Agreement for such Licensed Product as set forth in Section 7.4.

(b) The CFE Supply Agreement will contemplate appropriate mechanisms for ensuring continued supply of CFE and CFE Reagents to Astellas, its Affiliates and Sublicensees, including by maintaining safety stock. If Sutro fails to supply any CFE or CFE Reagents ordered by Astellas or [*], the JSC will discuss and agree upon a plan for correcting such actual or anticipated failure. Upon mutual agreement on such plan, Sutro shall implement such plan to the extent feasible, and if not feasible, Sutro will discuss in good faith with Astellas and agree upon alternative options for correcting such failure**.**

(c) In addition, (i) if Sutro [*] (A) [*], or (B) [*], (ii) [*], (iii) [*], (iv[*], or (v) if Sutro [*], (each of (i) through (v), a "**Supply Failure**"), then upon Astellas's written request made within [*]of a Supply Failure, Sutro will transfer to [*]one or more CMOs engaged by Astellas or its Affiliates, the CFE Know-How necessary to Manufacture the CFE and CFE Reagents independently of Sutro and its Affiliates (the "**CFE Technology Transfer**"), which Manufacture of CFE and CFE Reagents shall be to support ongoing supply to Astellas, its Affiliates and Sublicensees for use in Manufacturing Licensed Compounds and Licensed Products. The CFE Technology Transfer shall be conducted [*]. Notwithstanding the foregoing, prior to any CFE Technology Transfer to a CMO, such CMO must agree to commercially reasonable safeguards to maintain the confidentiality of such CFE Know-How under an agreement between Sutro and such CMO, taking into account the trade secret status of the CFE Know-How.

(d) If Astellas determines that a second or additional source for the supply of CFE needs to be established by Sutro which is separate and in addition to Sutro's existing source(s), then, upon Astellas's written request at any time after Astellas has committed to conducting a [*] for any Licensed Product, Sutro shall conduct a CFE Technology Transfer to a CMO selected by Astellas and reasonably acceptable to Sutro ([*]), which may, at Astellas's option, be solely dedicated to Astellas. Sutro shall [*]; provided in the event that (i) [*] or (ii) [*], Astellas [*], provided that in each case (A) [*], and (B) [*]. Notwithstanding anything to the contrary, in no event shall Astellas have access to any CFE Know-How in connection with the CFE Technology Transfer described in this Section 7.5(d) directly or through any such CMO.

(e) If Sutro is unable to supply CFE to Astellas as required under the CFE Supply Agreement (or prior to the execution thereof, as required by Astellas pursuant to Section 7.5(a)) ("**CFE Shortage**"), then, unless the Parties otherwise agree in writing, for so long as such CFE Shortage endures, Sutro shall allocate its available CFE between (i) [*], and (ii) [*]. By way of example, [*].

7.6 Audit Rights and Corrective Actions. Unless otherwise approved by Astellas, all GMP Licensed Compound supplied by Sutro shall be Manufactured at the GMP Facility, which Sutro has identified as being GMP compliant and all CFE and CFE Reagents shall be Manufactured at the CFE Facility. Sutro shall ensure that Astellas has the right, at Astellas request during the Term, to audit the GMP Facility, the CFE Facility, and the facilities of all contract manufacturers of Sutro involved in performing GMP activities related to the supply of Licensed Products to Astellas. If Astellas becomes aware of any issues with such GMP Facility, CFE Facility or contract manufacturers, it may provide a report to Sutro identifying such issues. Within [*]after receipt of such a report from Astellas, Sutro shall deliver to Astellas for review and approval of a corrective action plan for addressing such issues. Sutro shall revise such plan as reasonably requested by Astellas. Upon approval of the corrective action plan by Astellas, approval not to be unreasonably withheld, Sutro shall implement such corrective action plan and address and correct such issues prior to Manufacture of GMP Licensed Product, CFE or CFE Reagents, as applicable, for Astellas. Subsequent audits shall be addressed in the manner specified in the Clinical Supply Agreement, CFE Supply Agreement or associated quality agreements. As part of Astellas's audit of any of Sutro's facility, Astellas may, among other things, conduct a general quality management systems assessment and audit Sutro's supplier qualification procedures, risk assessments, audit reports or supplier questionnaires and associated corrective

actions and environmental health and safety assessments. Notwithstanding anything to the contrary, in no event shall Astellas have access to any CFE Know-How in connection with the activities described in this Section 7.6 and Section 7.7.

7.7 Sutro Contractors. Sutro shall cause its Affiliates and any and all CMOs, (sub)contractors and other Third Parties involved in the Manufacturing of CFE, CFE Reagents, Licensed Compound or Licensed Product or other materials used to Manufacture the foregoing to [*], provided that (a) to the extent Sutro has the ability to allow Astellas to directly conduct any such audit pursuant to Section 7.6 under the applicable Third Party-agreement, then Sutro shall allow Astellas to conduct such audit and (b) Sutro shall otherwise conduct such audit on behalf of Astellas, in each case under (a) and (b) in accordance with the terms of the applicable agreement.

ARTICLE 8
PAYMENTS

8.1 Upfront Fee. As partial consideration for the rights and licenses granted to Astellas by Sutro under this Agreement, Astellas shall pay to Sutro a one-time, non-refundable and non-creditable upfront payment of ninety million Dollars ($90,000,000) (the "**Upfront Payment**"). Astellas shall pay the Upfront Payment within [*]following receipt by Astellas of an invoice from Sutro therefor after the Effective Date.

8.2 IND-Enabling Toxicology Study Milestone. In further consideration for the rights and licenses granted to Astellas by Sutro under this Agreement, on a Licensed Compound-by-Licensed Compound basis, following the initiation by Astellas, its Affiliates or its or their Sublicensees of a first IND-Enabling Toxicology Study for such Licensed Compound, Astellas shall pay to Sutro a one-time, non-refundable and non-creditable milestone payment of [*] (the "**GLP Tox Milestone Payment**"). Astellas shall pay each GLP Tox Milestone Payment within [*]following receipt by Astellas of an undisputed invoice from Sutro therefor. Each of the foregoing milestone payments in this Section 8.2 shall be payable a maximum of one (1) time with respect to each Licensed Compound regardless of the number of times it is achieved by such Licensed Compound.

8.3 Development Milestones for Licensed Products. In further consideration for the rights and licenses granted to Astellas by Sutro under this Agreement, on a Licensed Product-by-Licensed Product basis, following the first achievement by Astellas, its Affiliates or its or their Sublicensees of each Development Milestone Event set forth in the table below by a Licensed Product, Astellas shall make the corresponding one-time, non-refundable, non-creditable Development Milestone Payment to Sutro in accordance with Section 8.7(a).

Milestone Number	Development Milestone Event (per Licensed Product)	Development Milestone Payment (Dollars)
1.	[*]	[*]
2.	[*]	[*]
3.	[*]	[*]
4.	[*]	[*]
5.	[*]	[*]
6.	[*]	[*]
7.	[*]	[*]
8.	[*]	[*]
9.	[*]	[*]
10.	[*]	[*]

*[*]

** [*]

8.4 Sales Milestones for Licensed Products. In further consideration for the rights and licenses granted to Astellas by Sutro under this Agreement, on a Licensed Product-by-Licensed Product basis, following the first achievement by Astellas, its Affiliates or its or their Sublicensees of each Sales Milestone Event set forth in the table below by such Licensed Product, Astellas shall make the corresponding one-time, non-refundable (subject to Section 8.8), non-creditable Sales Milestone Payment to Sutro in accordance with Section 8.7(b).

Sales Milestone Event (per Licensed Product)	Sales Milestone Payment (Dollars)
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]

*[*].

8.5 Royalty Payments for Licensed Products.

(a) Royalty Rates. In further consideration for the rights and licenses granted to Astellas by Sutro under this Agreement, on a Licensed Product-by-Licensed Product basis, during the Royalty Term for such Licensed Product, Astellas shall make quarterly non-refundable (subject to Section 8.8), non-creditable royalty payments to Sutro on the aggregate Net Sales of such Licensed Product in the Territory in a given Fiscal Year, calculated by multiplying the applicable royalty rate set forth below by such Net Sales. The applicable royalty rates set forth in the table below will apply only to that portion of the Net Sales during a given Fiscal Year that falls within

the indicated range. All royalty payments, and associated reports, shall be made in accordance with Section 8.7(c).

Aggregate Annual Net Sales of a Licensed Product in the Territory	Royalty Rate
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]
*[*]	

(b) Royalty Reductions.

(i) **No Valid Claim**. On a Licensed Product-by-Licensed Product and country-by-country basis, the royalties payable on the Net Sales of such Licensed Product in such country shall be [*]of the amounts otherwise payable to Sutro under Section 8.5(a) for such Licensed Product in which [*] or [*].

(ii) **Biosimilar Products**. On a Licensed Product-by-Licensed Product and country-by-country basis, if in a particular Fiscal Quarter during the Royalty Term for such Licensed Product one or more Third Parties is or are selling a Biosimilar in such country and the Net Sales of the Licensed Product in such country during such Fiscal Quarter are less [*]of the average quarterly Net Sales of such Licensed Product in such country over the four (4) Fiscal Quarters immediately prior to the Fiscal Quarter during which the first such Biosimilar was sold in such country, then the royalties payable on the Net Sales of such Licensed Product in such country shall be reduced by [*]of the amounts otherwise payable to Sutro under Section 8.5(a) during such Calendar Quarter.

(iii) **Third Party In-License Payments**. On a Licensed Product-by-Licensed Product and country-by-country basis, if Astellas or its Affiliates has an Astellas Existing In-License or Astellas, its Affiliate or Sublicensee enters into an Other In-License, in each case that includes a license to Third Party Patent Rights in such country that Cover the Licensed Product (including its use or Manufacture), then during the Royalty Term for such Licensed Product, Astellas shall have the right to credit [*]of the royalties payable under such Other In-License with respect units of such Licensed Product sold in such country against amounts payable to Sutro under this Section 8.5 with respect to the same units of Licensed Product during the same period; provided that any such reduction shall not reduce by more than [*]the royalties that would otherwise be payable in a given Fiscal Quarter under Section 8.5 and if, as a result of the foregoing restriction, any such amounts cannot be credited in a given Fiscal Quarter, then Astellas shall be entitled to carry forward such right to credit to future Fiscal Quarters.

(iv) **Royalty Floor**. The reductions of Sections 8.5(b)(i), 8.5(b)(ii) and 8.5(b)(iii) are cumulative, provided that in no event will the royalties in any given Calendar Quarter during the applicable Royalty Term for a Licensed Product in a country be reduced, as a result of the reductions set forth in Sections 8.5(b)(i), 8.5(b)(ii) and 8.5(b)(iii) (collectively), by more than [*]of the rate that otherwise would have been payable in accordance with Section 8.5(a) in such

Calendar Quarter for such Licensed Product in such country. Credits for reductions not exhausted in any Calendar Quarter may be carried into future Calendar Quarters.

8.6 Sharing of Costs and Revenues for Cost Share Products.

(a) Generally.

(i) With respect to each Cost Sharing, notwithstanding the financial definitions herein, the Parties acknowledge and agree that no single item of cost or expense, and no revenue, shall be included or deducted more than one time in the calculation of Development Costs, Commercialization Costs, Other Expenses, or Cost Share Product Net Sales, if inclusion therein would result in a duplication or double-counting of the same cost or expense or the same revenue.

(ii) Within [*]after the first Option Effective Date, each Party shall designate by written notice to the other Party one or more financial managers with responsibility for coordinating the Cost Sharing (the "**Financial Managers**"). Each Party may replace its Financial Managers at any time upon written notice to the other Party.

(b) Calculation and Payment of Shared Costs and Revenues. During the Term, for each Cost Share Product following Option Effective Date therefor, the following shall apply:

(i) Within [*]after the end of each Fiscal Quarter, each Party shall provide to the other Party and the Financial Managers, as applicable, a consolidated report (each, a "**Cost Report**") containing (A) [*] and (B) [*]. To the extent that any such Development Costs, Other Expenses or Commercialization Costs reported pursuant to this Section 8.6(b)(i) were estimated, the relevant Party shall provide actual cost information with the next Fiscal Quarter's quarterly Cost Report, as applicable, and the provisions of Section 8.6(b)(iii) shall apply to properly allocate between the Parties any amount by which such actual costs exceeded or were less than the estimated costs. For clarity, Development Costs, Other Expenses and Commercialization Costs for each Fiscal Quarter may include accruals/estimates, and those accruals/estimates will be trued up to actual costs each Fiscal Quarter as part of the cost reporting for the following Fiscal Quarter.

(ii) Within [*]after the end of each Fiscal Quarter, Astellas shall provide to Sutro and the Financial Managers, in a format to be mutually agreed by the Financial Managers, a detailed statement of its (and each of its Affiliate's) Cost Share Product Revenues with respect to the applicable Cost Share Product in the United States (including the calculation thereof, including a breakdown of Cost Share Product Revenues (and the calculation thereof)), as well as details of any adjustments to be made to the amounts submitted in the previous Fiscal Quarter (each, a "**Revenue Report**"). The Revenue Report shall be in a format to be agreed upon by the Financial Managers.

(iii) Within [*]after the end of each Fiscal Quarter, the Financial Managers shall provide to Astellas, Sutro and the JSC a written report (each, a "**Reconciliation Report**") setting forth, in a format to be mutually agreed by the Financial Managers (A) [*], (B) [*], and (C) [*]. Within [*]after receipt of each Reconciliation Report (during which period the

Parties may review such report and shall notify each other if any issues are identified), the Party who will receive payment shall issue to the other Party an invoice for the agreed amount of net payment. Within [*]after receipt of such invoice, the Party receiving such invoice shall make payment for any such net payment due to the other Party from such Party in accordance with this Article 8; provided that if a Party disputes an amount provided in such Reconciliation Report, then such disputed amount shall be reviewed by the JSC (provided, however, that in the event that the JSC is unable to resolve the issue, then notwithstanding Section 3.4, either Party shall have the right to have an independent auditor examine the applicable records in order to resolve such issue pursuant to Section 8.8, which determination shall be binding on the Parties absent manifest error), and any net payment owed with respect to the undisputed amounts shall be paid within such [*]period (and the disputed amount, if determined to be owed, shall be paid within [*]of resolution of the dispute).

(iv) All costs and expenses and revenues pursuant to this Section 8.6 shall be recorded and reported consistent with Accounting Principles, consistently applied, and shall be reported in Dollars (with currency conversions as set forth in Section 8.7(d)).

(v) The Parties acknowledge and agree that the Manufacturing Costs and FTE Rate(s) used in determining any Development Costs or Commercialization Costs represent fair market value for the provision of the applicable services for which such amounts are paid and represent arms'-length negotiated amounts. The FTE Rate(s) used in determining any Development Costs or Commercialization Costs shall be reviewed annually by the Parties and may be adjusted by mutual written agreement of the Parties to the extent the Parties mutually determine that an adjustment is necessary to comply with the arm's-length standard under Applicable Law.

(vi) Notwithstanding anything to the contrary set forth herein, (A) when calculating the Parties' Commercialization Costs, Development Costs and Other Expenses, any amount of, or in respect of, recoverable VAT incurred by each Party (or its Affiliates) in respect of any item of expenditure or cost that forms a component of such calculations shall be excluded and (B) when calculating Cost Share Product Net Sales, any amount of, or in respect of, VAT in respect of any item of revenue that forms a component of such calculations shall be excluded.

(vii) Each Party shall consider in good faith other reasonable procedures proposed by the other Party for sharing applicable financial information hereunder in order to permit each Party to close its books periodically in a timely manner.

8.7 Payment Terms.

(a) Development Milestone Payments. Astellas shall provide Sutro with written notice of the achievement of each Development Milestone Event by Astellas, its Affiliate or its or their Sublicensee within [*]of such achievement. Following receipt of such notification, Sutro shall invoice Astellas for the amount of the applicable Development Milestone Payment, and Astellas shall make the corresponding Development Milestone Payment within [*]after receipt of such invoice.

(b) Sales Milestone Payments. Astellas shall provide Sutro with written notice of the achievement of each Sales Milestone Event by Astellas, its Affiliate or its or their

Sublicensee within [*]after the end of the Fiscal Year during which such Sales Milestone Event was achieved. Following receipt of such notification, Sutro shall invoice Astellas for the amount of the applicable Sales Milestone Payment(s), and Astellas shall make the corresponding Sales Milestone Payment(s) within [*]after receipt of such invoice.

(c) Royalty Reports and Payments. Within [*]following the end of each Fiscal Quarter, following the First Commercial Sale of a Licensed Product, Astellas will furnish to Sutro a written report for the Fiscal Quarter showing the Net Sales of the Licensed Product sold by Astellas, its Affiliates and its or their Sublicensees in the Territory during such Fiscal Quarter and the royalties payable under this Agreement for such Fiscal Quarter. Such written report will include the gross sales of such Licensed Product on a country-by-country basis, the deductions taken from such gross sales to arrive at Net Sales of such Licensed Product for the applicable Fiscal Quarter, a calculation of any applicable reductions under Section 8.5(b), and the calculation of the amount of royalty payment due on such Net Sales. Further, each such royalty report shall indicate gross sales and Net Sales in each country's currency, the applicable royalty rate, the royalties payable for each country in such country's currency, the applicable exchange rate to convert from each country's currency to U.S. Dollars, and the royalties payable in U.S. Dollars. The royalties payable set forth therein shall be due and payable on the date such report is due. Astellas may true up to actual Net Sales each Fiscal Quarter as part of the Net Sales reporting for the following Fiscal Quarter if it identifies any variances from previously reported amounts. Notwithstanding the foregoing, the reporting under this Section 8.7(c) need not include any Cost Share Products in the United States.

(d) Payment Currency; Exchange Rate; Offset. All payments to be made under this Agreement shall be made in Dollars. Payments to a Party shall be made by electronic wire transfer of immediately available funds to the account of the other Party, as designated in writing to the paying Party. If any currency conversion is required in connection with the calculation of amounts payable hereunder, such conversion shall be made using a rate of exchange at the average actual foreign currency exchange rate for the month in which the expense is incurred or sale made according to the exchange rates utilized by the applicable Party in its own internal accounting system, consistently applied. Each Party shall have the right to offset any payment that is owed by the other Party but not paid against any payments owed by such Party, if any, under this Agreement.

(e) Late Payments. Any undisputed payments or portions thereof due hereunder that are not paid on the date such payments are due under this Agreement shall bear interest at a rate equal to the lesser of: (i) the prime rate as published by *The Wall Street Journal* or any successor thereto on the first day of each Fiscal Quarter in which such payments are overdue or (ii) the maximum rate permitted by Applicable Law; in each case calculated on the number of days such payment is delinquent (provided that if the payment is disputed, such interest shall be calculated from the time that the dispute is resolved), compounded monthly.

8.8 Records and Audit Rights. Each Party shall keep complete, true and accurate books of account and records for the purpose of determining the amounts payable under this Agreement. Such books and records shall be kept at the principal place of business of each Party, as the case may be, for at least [*](or such longer period as required by applicable Law) following

the end of the Fiscal Year to which they pertain. Each Party (the "**Audited Party**") shall make such account and records available, on reasonable notice sent by the other Party (the "**Auditing Party**"), for inspection during normal business hours, with not less than [*]' advance written notice, by an independent certified public accounting firm nominated by such and reasonably acceptable for the Audited Party, for the purpose of verifying the accuracy of any statement or report given by the Audited Party and to verify the accuracy of the payments due hereunder for any Fiscal Year. Such auditor shall advise the Parties simultaneously promptly upon its completion of its audit whether or not the payments due hereunder have been accurately recorded, calculated, and reported, and, if not, the amount of such discrepancy. Except in the case of willful misconduct or fraud, a Party's financial records with respect to a given period of time shall only be subject to one (1) audit per Fiscal Year. The Auditing Party's right to perform an audit pertaining to any Fiscal Year shall expire [*]after the end of such Fiscal Year and no given period may be audited more than one (1) time. The auditor shall be required to keep confidential all information learned during any such inspection, and to disclose to the Auditing Party only such details as may be necessary to report the accuracy of the Audited Party's statement or report. The Auditing Party shall be responsible for the auditor's costs, unless the auditor certifies that an overpayment to, or an underpayment by, the Audited Party that resulted from a discrepancy in a report that the Audited Party provided to the Auditing Party during the applicable audit period, which underpayment or overpayment was in favor of the Auditing Party by more than the greater of (i) [*]of the amount set forth in such report or (ii) $[*], in which case the Audited Party shall bear the full cost of such audit. If such accounting firm correctly identifies a discrepancy made during such period, any unpaid amounts or overpaid amounts that are discovered shall be paid/refunded promptly but in any event within [*]of the date of delivery of such accounting firm's written report so correctly concluding, or as otherwise agreed upon by the Parties. The Auditing Party shall treat all financial information subject to review under this Section 8.8 in accordance with the confidentiality and non-use provisions of Article 9, and shall cause its accounting firm to enter into an acceptable confidentiality agreement with the Audited Party obligating it to retain all such information in confidence pursuant to such confidentiality agreement. Upon the expiration of [*]following the end of any Fiscal Year, royalty calculations and joint Development Cost sharing calculations with respect to such Fiscal Year shall be binding and conclusive upon both parties. Unless an audit is ongoing with respect to such period, the Parties shall be released from any liability or accountability with respect to said calculations for such Fiscal Year.

8.9 Taxes.

(a) VAT. Any consideration due under this Agreement is exclusive of VAT. If any VAT will be chargeable on any of the transactions contemplated under this Agreement and is payable to the respective tax authority by the Party making the supply or providing the service for VAT purposes, upon receipt of a valid invoice in accordance with the applicable VAT law from the supplying or service providing Party, the other Party shall pay such VAT in addition to the consideration otherwise due.

(b) Withholding Taxes. Any Party (the "**Paying Party**") required to make a payment pursuant to this Agreement to the other Party (the "**Payee**") shall be entitled to deduct or withhold from the amount payable the tax for which the Paying Party is liable to deduct or withhold under any provisions of applicable tax law. If any Paying Party determines that applicable tax

laws require withholding of any taxes, such Paying Party shall immediately notify the Payee in writing of the potential for withholding of taxes and cooperate with such Payee in good faith before undertaking any such withholding of taxes so as to reduce or eliminate any potential obligation for such withholding of taxes to the greatest extent possible, including with respect to obtaining the benefit of any present or future treaty against double taxation or refund or reduction in such taxes. Without limiting the foregoing, each Paying Party shall make any such required withholding payments in a timely manner and shall subtract the amount thereof from the payments made to Payee. Such Paying Party shall promptly (as available) submit to the Payee appropriate proof of payment of the taxes as well as the official receipts within [*]. Notwithstanding the foregoing, if any Paying Party assigns this Agreement or changes its domicile, and, as a result, any additional taxes are required to be withheld with respect to payments made to Payee, such Paying Party shall be responsible for all such additional withholding taxes and shall pay the Payee such increased amounts as are necessary to ensure that such Payee receives the same amount (after any required deduction and withholding of taxes, including with respect to any additional amounts payable under this sentence) as it would have received had no such assignment or change in domicile been made.

(c) Tax Cooperation. Each Party shall provide the other with reasonable assistance to enable the recovery, as permitted by Applicable Law, of withholding taxes, VAT or similar obligations resulting from payments made under this Agreement, such recovery to be for the benefit of the Party bearing such withholding tax or VAT.

8.10 Inventor Compensation. Each Party shall be solely responsible for any remuneration that may be due such Party's inventors under any applicable inventor remuneration laws.

ARTICLE 9
CONFIDENTIALITY

9.1 Confidential Information. For purposes of this Agreement, "**Confidential Information**" of a Party means all proprietary or confidential Know-How or other scientific, marketing, financial or commercial information and materials, whether or not patentable and in any form (written, oral, photographic, electronic, magnetic or otherwise), including information or materials of Third Parties, that one Party or any of its Affiliates discloses or otherwise makes available to the other Party or its Affiliates pursuant to this Agreement. The terms and conditions of this Agreement shall be the Confidential Information of both Parties. With respect to any Collaboration Know-How, (a) the Program Specific Know-How shall be the Confidential Information of Astellas, (b) all Joint Collaboration Know-How shall be the Confidential Information of both Parties, (c) all Astellas Collaboration Know-How shall be the Confidential Information of Astellas, and (d) all Sutro Collaboration Know-How and CFE Collaboration Know-How shall be the Confidential Information of Sutro.

9.2 Duty of Confidence; Exceptions. Each Party agrees that, during the Term and for a period [*]thereafter, it shall keep confidential and shall not publish or otherwise disclose and shall not use for any purpose other than as provided for in this Agreement (including for the exercise of the rights and licenses granted to such Party hereunder, but it being understood that this parenthetical itself shall not create or imply any rights or licenses not expressly granted under

this Agreement) any Confidential Information of the other Party, except to the extent expressly agreed in writing by the other Party. The foregoing confidentiality and non-use obligations shall not apply to any portion of the disclosing Party's Confidential Information that the receiving Party can demonstrate by competent written proof:

(a) was in the lawful knowledge and possession of the receiving Party prior to the time it was disclosed to the receiving Party, or was otherwise developed independently by or for the receiving Party without use of or reference to the disclosing Party's Confidential Information;

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

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

(d) was disclosed to the receiving Party, other than under an obligation of confidentiality, by a Third Party who, to the knowledge of the receiving Party, had no obligation to the disclosing Party not to disclose such information to others.

Any combination of features or disclosures shall not be deemed to fall within the foregoing exclusions merely because individual features are published or available to the general public or in the rightful possession of the receiving Party unless the combination itself and principle of operation are published or available to the general public or in the rightful possession of the receiving Party.

9.3 Authorized Disclosures. Notwithstanding Section 9.2, a Party may disclose Confidential Information of the other Party if and to the extent such disclosure is reasonably necessary in the following instances:

(a) filing, prosecuting, maintaining or listing Patent Rights in accordance with Article 13;

(b) in the case of disclosure by Astellas, filing, prosecuting, or maintaining Regulatory Materials and Regulatory Approvals for the Licensed Products or otherwise made to Regulatory Authorities as permitted by this Agreement;

(c) prosecuting or defending litigation as contemplated herein;

(d) in the reasonable opinion of the receiving Party's legal counsel, required to be disclosed to comply with Applicable Law or a valid order of a court of competent jurisdiction or other Governmental Authority of competent jurisdiction (including by reason of filing with securities regulators, but subject to Section 10.2(b));

(e) solely with respect to disclosure of (i) the existence and terms of this Agreement, and (ii) subject to Astellas's prior consent, not to be unreasonably withheld, a summary of the status of the Research, Development and Commercialization activities with respect

to Licensed Compounds and Licensed Products, which summary may include the number of DC Compounds for each Program (but shall not include any data generated under the Research Plan that is specific to such DC Compounds), in each case of (i) and (ii) to actual or potential acquirors, investment bankers, investors, lenders, or other similar sources of financing solely for the purpose of evaluating or carrying out an actual or potential investment, or acquisition, in each case under a written agreement containing obligations of confidentiality and non-use at least as stringent as those herein; provided that the receiving Party will be liable for any breaches of its obligations of confidentiality and non-use hereunder by any of its actual or potential acquirors, investment bankers, investors, lenders, or other financial partners; and

(f) to its and its Affiliates' employees, consultants, advisors (including accountants and attorneys), contractors, agents, and *bona fide* potential or actual (sub)licensees, in each case on a need-to-know basis to exercise its rights or perform its obligations in accordance with the terms of this Agreement, and in each case under a written agreement containing obligations of confidentiality and non-use at least as stringent as those herein (or without such agreement for recipients that are financial or legal advisors under a professional code of conduct giving rise to an obligation of confidentiality and non-use at least as restrictive as those set forth in this Agreement), provided that the receiving Party will be liable for any breaches of its obligations of confidentiality and non-use hereunder by any Persons.

Notwithstanding the foregoing, in the event that a Party is required to make a disclosure of the other Party's Confidential Information pursuant to Section 9.3(c) and (d), it will, except where impracticable, promptly inform the other Party of the disclosure that is being sought in order to provide the other Party an opportunity to challenge or limit the disclosure obligations, and, if requested by the other Party, cooperate in all reasonable respects with the other Party's efforts to obtain confidential treatment or a protective order with respect to any such disclosure, at the other Party's expense. In any such event, each Party agrees to take all reasonable action to minimize disclosure of the other Party's Confidential Information. Any information disclosed pursuant to this Section 9.3 shall remain, subject to Section 9.2, the Confidential Information of the disclosing Party and subject to the restrictions set forth in this Agreement, including the foregoing provisions of this Article 9.

ARTICLE 10
PUBLICATIONS & PUBLICITY

10.1 Publications. Sutro shall have [*]. If Astellas desires to include any Confidential Information of Sutro in any publication or presentation with respect to the Programs, Licensed Compounds or Licensed Products or their testing, Astellas shall provide Sutro with a copy of any such proposed publication or presentation at [*] prior to submission for publication so as to provide Sutro with an opportunity to recommend any changes it reasonably believes are necessary to protect the Confidential Information of Sutro. The incorporation of such recommended changes shall not be unreasonably refused; and if Sutro notifies Astellas in writing ("**Publishing Notice**"), within such [*] after receipt of the copy of the proposed publication or presentation, that such publication or presentation in its reasonable judgment (a) contains an invention, solely or jointly conceived or reduced to practice by Sutro, for which Sutro reasonably desires to obtain patent protection and has the right to do so under Section 13.2 or (b) could be expected to have a material

adverse effect on the commercial value of any Confidential Information of Sutro, Astellas shall delay such publication for a mutually agreeable period of time. In the case of inventions, a delay shall be for a period reasonably sufficient to permit the timely preparation and filing of a patent application(s) on such invention, and in no event less than [*]from the date of the Publishing Notice. For clarity, Astellas is able to make publications and presentations related to the Programs, Licensed Compounds or Licensed Products or their testing or other activities in connection with this Agreement without any required consent of Sutro if such publications and presentations do not contain Sutro's Confidential Information.

10.2 Publicity.

(a) Press Releases. The Parties have mutually approved a joint press release attached hereto as Schedule 10.2 with respect to this Agreement and either Party may make subsequent public disclosure of the contents of such press release. Each Party agrees not to issue any other press release or other public statement, whether oral or written, disclosing the terms hereof or any of the activities conducted hereunder without the prior written consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed), except as provided herein. Notwithstanding the foregoing, any disclosure that is required by Applicable Laws (including the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended) or the rules of any Securities Regulator or the securities regulations of any other jurisdiction, shall be in accordance with Sections 9.3 and 10.2(b), as applicable, and each Party agrees to provide to the other Party a copy of any public announcement covered by this Section 10.2(a) as soon as reasonably practicable under the circumstances.

(b) Securities Filings. The Parties hereby acknowledge and agree that either Party may be required by Applicable Laws to submit a copy of this Agreement to the US Securities and Exchange Commission or its foreign equivalent (each, a "**Securities Regulator**"). If a Party is required by Applicable Laws to submit a description of the terms of this Agreement to or file a copy of this Agreement with any Securities Regulator, such Party agrees to consult and coordinate with the other Party with respect to such disclosure and shall prepare and submit a redacted copy of and any confidential treatment request for this Agreement, if applicable, in coordination and consultation with the other Party. Notwithstanding the foregoing, if a Party is required by Applicable Laws to submit a description of the terms of this Agreement to or file a copy of this Agreement with any Securities Regulator and such Party has (i) promptly notified the other Party in writing of such requirement and any respective timing constraints, (ii) provided copies of the proposed disclosure or filing to the other Party reasonably in advance, but in any event at least [*]in advance with respect to a disclosure of a description of this Agreement and [*]in advance with respect to a filing of a copy of this Agreement and associated confidential treatment request, if any, of such filing or other disclosure and (iii) given the other Party a reasonable time under the circumstances to comment upon the scope of the proposed disclosure and related confidential treatment request, then such Party will have the right to make such disclosure or filing and the related confidential treatment request at the time and in the manner reasonably determined by its counsel to be required by Applicable Laws or the applicable Securities Regulator. If a Party seeks to make a disclosure or filing as set forth in this Section 10.2(b) and the other Party provides comments within the respective time periods or constraints specified herein, the Party seeking to make such disclosure or filing will reasonably consider such comments and use good faith efforts

to incorporate such comments in the disclosure or filing; provided that prior to making any such filing of this Agreement, the Parties shall reasonably cooperate and use good faith efforts to agree on a redacted form of this Agreement to be so filed.

(c) Re-Publication. Notwithstanding anything to the contrary in this Article 10, the contents of any press release or other publication that has been reviewed and approved by a reviewing Party in accordance with this Article 10 may be re-released by such reviewing Party without a requirement for re-approval.

10.3 Use of Name. Except as expressly provided herein, neither Party shall mention or otherwise use the name, logo, or Trademark of the other Party or any of its Affiliates (or any abbreviation or adaptation thereof) in any publication, press release, marketing and promotional material, or other form of publicity without the prior written approval of such other Party in each instance. Notwithstanding the foregoing, either Party may make any disclosure identifying the other Party that, in the opinion of the disclosing Party's counsel, is required by Applicable Law; provided, that such Party shall submit the proposed disclosure identifying the other Party in writing to the other Party as far in advance as reasonably practicable so as to provide a reasonable opportunity to comment thereon.

ARTICLE 11
REPRESENTATIONS, WARRANTIES, AND COVENANTS

11.1 Mutual Representations and Warranties. Each Party hereby represents and warrants to the other Party, as of the Effective Date, that:

(a) such Party is duly organized, validly existing and in good standing under the Applicable Law of the jurisdiction of its formation and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

(b) such Party has taken all necessary corporate action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder, and such authorization, execution and delivery does not violate such Party's charter documents, bylaws or other organizational documents;

(c) this Agreement has been duly executed and delivered on behalf of such Party and constitutes a legal, valid and binding obligation, enforceable against it in accordance with its terms, except to the extent that enforcement of the rights and remedies created hereby is subject to: (i) bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application affecting the rights and remedies of creditors; or (ii) laws governing specific performance, injunctive relief and other equitable remedies; and

(d) the execution, delivery and performance of this Agreement by such Party does not breach or conflict, in any material respect, with any agreement or any provision thereof, or any instrument or understanding, oral or written, to which such Party (or any of its Affiliates) is a party or by which such Party (or any of its Affiliates) is bound, nor violate any Applicable Law of any Governmental Authority having jurisdiction over such Party (or any of its Affiliates), including

any order, writ, judgment, injunction, decree, determination or award of any court or Governmental Authority.

11.2 Sutro Representations and Warranties. Sutro represents and warrants to Astellas, as of the Effective Date, that:

(a) (i) Sutro has the right under the Sutro Technology to grant the license in Section 2.1(a) and the other rights and licenses purported to be granted hereunder to Astellas, (ii) Sutro has not granted any license or other right under the Sutro Technology that is inconsistent with such rights and licenses; (iii) except for the agreement set forth in Schedule 11.2(a), all Sutro Technology is free and clear of any liens, charges and encumbrances and Sutro has sufficient legal or beneficial title, ownership or license thereunder to grant such rights and licenses; (iv) no rights or licenses are required under the Sutro Technology for Astellas to Develop, Commercialize or Manufacture the Licensed Compounds and the Licensed Products as contemplated herein other than those granted in Section 2.1(a); and (v) except for the sublicense granted under the Stanford Agreement, no intellectual property under any Sutro Existing In-License is necessary or useful for the Research, Development, Manufacturing or Commercialization of Licensed Compounds or Licensed Products;

(b) (i) Sutro is the sole and exclusive owner of the entire right, title and interest in the Sutro Patents listed on Part A of Schedule 1.232 and the sole and exclusive (subject to Sections 3.3 and 3.4 of the Stanford Agreement) licensee of the Sutro Patents listed on Part B of Schedule 1.232, in each case, except for the agreement set forth in Schedule 11.2(a), free and clear of any liens, charges and encumbrances, and (ii) the Sutro Patents listed on Part A of Schedule 1.232, and the claims included in any such Sutro Patent, as applicable, are (A) subsisting, in good standing, (to Sutro's knowledge) valid, and in full force and effect, (B) being diligently prosecuted in the respective patent offices in accordance with Applicable Laws, and (C) have been filed and maintained properly and correctly. All Patent Rights on Schedule 1.232 that are CFE Patents are identified as such. All Patent Rights listed on Part B of Schedule 1.232 are in-licensed under the Stanford Agreement;

(c) Sutro has an IND filing for a product made using CFE in the United States, and, to Sutro's knowledge, has disclosed to Astellas all material information, including all material correspondences to or from any Regulatory Authority regarding such CFE, that would impact the use thereof in the Development, Manufacture or Commercialization of iADCs, the Licensed Compounds or the Licensed Products pursuant to this Agreement;

(d) All applicable fees due to patent authorities with respect to the filing and prosecution of the Sutro Patents listed on Part A of Schedule 1.232 existing as of the Effective Date have been paid on or before the due date for payment (as such due date may be extended in accordance with Applicable Law or patent authority rules and regulations);

(e) Sutro has not entered into any agreements, either oral or written, with any Third Party relating to the Research, Development, Commercialization or Manufacture of iADCs Directed To the first Program Target;

(f) Sutro has not received any written notice from any Third Party asserting or alleging that the use of the Sutro Technology as contemplated under this Agreement infringes or misappropriates the intellectual property rights of any Third Party and to Sutro's knowledge, the use of the Sutro Technology as contemplated under this Agreement, including with respect to the conduct of the Programs under the Research Plan and the Research, Development, Commercialization and Manufacture of such Licensed Compounds and Licensed Products, does not infringe or misappropriate the intellectual property rights of any Third Party in the Territory;

(g) The Sutro Technology was not obtained in violation of any contractual or fiduciary obligation owed by Sutro or its employees or agents to any Third Party or through the misappropriation of intellectual property rights (including any trade secrets) from any Third Party;

(h) To Sutro's knowledge, there is no actual or threatened infringement or misappropriation of the Sutro Technology in the Territory by any Person that would conflict with the rights granted to Astellas under this Agreement or for which Astellas has potential enforcement rights pursuant to Section 13.3;

(i) There is no action, suit, inquiry, investigation or other proceeding pending or ongoing by any Third Party that challenges or threatens the validity or enforceability of any of the Sutro Technology in the Territory;

(j) There is no pending or, to its knowledge, threatened, litigation or arbitration which alleges that Sutro's activities with respect to the Sutro Know-How has infringed or misappropriated any intellectual property rights of any Third Party;

(k) To Sutro's knowledge, the Sutro Technology does not require a license or other authorization for export to the Territory under any Export Controls and Economic Sanctions Laws, and Sutro agrees that if such a license or other authorization is required anytime during the Term, Sutro shall use Commercially Reasonable Efforts to obtain such license or authorization;

(l) Sutro has not granted any license or any option for a license under the Sutro Technology to any Third Party to develop, make, use or sell in the Field any Licensed Compound or Licensed Product in any country in the Territory;

(m) Other than the Stanford Agreement, there is no agreement between Sutro or its Affiliates with any other Third Party pursuant to which Sutro or any of its Affiliates obtains any license to any Sutro Technology and no Third Party In-License Agreement to which Sutro or its Affiliates is a party exists as of the Effective Date. The licenses and rights granted to Sutro under the Stanford Agreement solely relate to CFE (and the use of CFE to manufacture products) and the intellectual property thereunder does not otherwise Cover any Components, Licensed Compounds or Licensed Products (except for the use of CFE in manufacturing thereof). Except in the event of a Supply Failure as contemplated by Section 7.5(c), Astellas does not require any rights or licenses under the Stanford Agreement to Develop, Manufacture (provided that Astellas acquires CFE needed for Manufacture from Sutro) or Commercialize Licensed Compounds or Licensed Products. Neither Sutro nor any of its Affiliates is in breach of the Stanford Agreement;

(n) No person, other than former or current employees, consultants and contractors of Sutro who are obligated in writing to assign his/her inventions to Sutro, is an inventor of any of the inventions claimed in the Sutro Patents listed on Part A of Schedule 1.232 filed or issued as of the Effective Date, except for those Third Party inventors of those inventions that fall within the Sutro Technology Controlled by Sutro and as to which Sutro has obtained an assignment as of the Effective Date. All inventors of any inventions included within the Sutro Patents listed on Part A of Schedule 1.232 that are existing as of the Effective Date have assigned or have a contractual obligation to assign or license their entire right, title and interest in, to and under such inventions and the corresponding Patent Rights to Sutro. No present or former employee or consultant of Sutro owns or has any proprietary, financial or other interest, direct or indirect, in the Sutro Technology (other than any interest as a shareholder) that has not been assigned to Sutro. To Sutro's knowledge, there are no claims that have been asserted in writing challenging the inventorship of the Sutro Patents listed on Part A of Schedule 1.232;

(o) The inventions claimed or covered by the Sutro Patents listed on Part A of Schedule 1.232 (i) were not conceived, discovered, developed, or otherwise made in connection with any research activities funded, in whole or in part, by the federal government of the United States or any agency thereof or any other government or agency thereof, (ii) are not a "subject invention" as that term is described in 35 U.S.C. Section 201(f), and (iii) are not otherwise subject to the provisions of the Bayh-Dole Act;

(p) To Sutro's knowledge, there have been no material adverse events with respect to the safety and efficacy of the CFE or the CFE Reagents;

(q) Neither Sutro nor any of its Affiliates, nor any of its or their respective officers, employees, or agents has made an untrue statement of material fact or fraudulent statement to the FDA or any other Regulatory Authority with respect to the Development of the CFE or the CFE Reagents, failed to disclose a material fact required to be disclosed to the FDA or any other Regulatory Authority with respect to the Development of the CFE or the CFE Reagents, or committed an act, made a statement, or failed to make a statement with respect to the Development of the CFE or the CFE Reagents that could reasonably be expected to provide a basis for the FDA to invoke its policy respecting "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities", set forth in 56 Fed. Reg. 46191 (September 10, 1991) and any amendments thereto or any analogous laws or policies in the Territory; and

(r) To Sutro's knowledge, all information and data provided by or on behalf of Sutro to Astellas on or before the Effective Date in contemplation of this Agreement or the transactions contemplated hereby was provided in good faith and is true and accurate and complete[*], and Sutro, to its knowledge, has not failed to disclose (or cause to be disclosed) any material information or data that could reasonably be expected to cause the information and data that has been disclosed to be misleading[*].

For purposes of the above representations and Section 2.6(a), the phrase "**to Sutro's knowledge**" means that the employee(s) of Sutro with responsibility for the matter have conducted a reasonable inquiry regarding such matter.

11.3 Covenants.

(a) Compliance with Applicable Laws. Each Party covenants to the other that in the performance of its obligations under this Agreement, such Party shall comply with, and shall cause its Affiliates and its and its Affiliates' employees and contractors to comply, with all Applicable Laws. No Party shall, or shall be required to, undertake any activity under or in connection with this Agreement which violates, or which it believes in good faith may violate, any Applicable Laws.

(b) Employees, Consultants and Contractors. Each Party covenants that it and its Affiliates shall obtain from each of its and their respective employees, consultants and contractors, in each case who may or do conceive, discover, invent or create any of such Party's Collaboration Know-How, written agreements containing obligations of confidentiality and non-use and an assignment to such Party or its applicable Affiliates of all of such Person's rights to such Collaboration Know-How such that no such employee, contractor or consultant shall retain any rights thereto that would prevent or conflict with the other Party's rights of ownership, license or use thereof or thereto, as the case may be, contemplated under this Agreement.

(c) Debarment. Each Party represents, warrants and covenants to the other Party that neither it nor its officers, employees, agents, consultants or any other person used by such Party in the performance of the respective Development activities under this Agreement is: (i) debarred or disqualified under the U.S. Federal Food, Drug and Cosmetic Act; (ii) listed by any government or regulatory agencies as ineligible to participate in any government healthcare programs or government procurement or non-procurement programs (as that term is defined in 42 U.S.C. § 1320a-7b(f)), or excluded, debarred, suspended or otherwise made ineligible to participate in any such program; or (iii) convicted of a criminal offense related to the provision of healthcare items or services, or is subject to any such pending action. Each Party shall not during the Term knowingly, employ or use, directly or indirectly, including through Affiliates the services of any such person. In the event that either Party becomes aware of the debarment or disqualification or threatened debarment or disqualification of any person providing services to such Party, directly or indirectly, including through Affiliates or (sub)licensees, which directly or indirectly relate to activities contemplated under this Agreement, such Party shall promptly notify the other Party in writing and such Party shall cease employing, contracting with, or retaining any such person to perform any such services.

(d) Misappropriation of Intellectual Property Rights. Sutro shall ensure that neither it, nor its Affiliates, and shall [*]ensure that neither its nor their sublicensees or Subcontractors, in each case misappropriate the Know-How of any Third Parties in, or for the creation of, the DC Compounds.

(e) No License or Option Grant. Sutro covenants that during the Term it shall not grant, except in accordance with the express terms and conditions of this Agreement, any license or any option for a license under the Sutro Technology to any Third Party to develop, make, use or sell in the Field any Licensed Compound or Licensed Product in any country in the Territory.

(f) No Encumbrances. During the Term, neither Sutro nor any of its Affiliates shall encumber the licenses or other rights granted to Astellas hereunder (including Sutro's supply

obligations) including by not (i) committing any acts or permitting the occurrence of any omissions that would cause the breach or termination of any Sutro Existing In-License Agreement, Initial Plan Component In-License or any in-license related to the CFE Technology, or (ii) amending or otherwise modifying or permitting to be amended or modified, any such in-license in a manner that encumbers or diminishes the rights granted to Astellas hereunder. Sutro shall promptly notify Astellas of any alleged, threatened, or actual breach of, or any termination of, any such in-license and of its potential impact on Astellas hereunder. If the Stanford Agreement is terminated for any reason, (A) all rights and licenses that were sublicensed to Astellas by Sutro under the Stanford Agreement shall survive as a direct license to Astellas, and, if requested by Astellas, Sutro shall provide reasonable support to Astellas in connection with negotiation of a separate agreement with Stanford University to include such direct license and (B) Sutro shall be responsible for any costs and expenses (including upfront, royalties and milestones) incurred by Astellas or its Affiliates in connection such a direct license (in each case solely to the extent the financial terms under such direct license are consistent with the financial terms under the Stanford Agreement in existence immediately prior to such termination) and shall reimburse Astellas within [*]of invoicing therefor.

11.4 Compliance.

(a) Data Privacy. Each Party shall: (i) comply with all applicable data protection and privacy laws, rules and regulations (including, to the extent applicable, the United States Department of Health and Human Services privacy rules under the Health Insurance Portability and Accountability Act (HIPAA) and the General Data Protection Regulation (Regulation (EU) 2016/679) (GDPR), as any of the foregoing may be amended from time to time) ("**Data Protection Laws**") with respect to the collection, use, transfer, storage, destruction, aggregation or other use of subject health information or other Personal Data (as defined in the applicable Data Protection Laws, collectively, "**Personal Data**") in connection with its activities under or in connection with this Agreement, including the Development and Commercialization of any Licensed Product hereunder, (ii) implement appropriate and reasonable security processes and controls in connection with its activities under or in connection with this Agreement so as to protect the security and privacy of Personal Data in accordance with Data Protection Laws, and (iii) take such steps as necessary to comply with Data Protection Laws to permit such Party to disclose Personal Data to the other Party and to permit the other Party to use and disclose such Personal Data for its own purposes in accordance with this Agreement.

(b) Sunshine Act. Each Party acknowledges that, under the provisions of Section 1128G of the Social Security Act, 42 U.S.C. § 1320a-7h and other similar provisions of Applicable Law, such Party may be required to disclose certain payments and other transfers of value provided to health care professionals and institutions, including payments, reimbursements, materials or equipment made or provided under or in connection with this Agreement or the development plans. Each Party will provide the other Party with all reasonable information in its Control related to the activities hereunder necessary for the other Party to comply with such Applicable Laws in the form reasonably requested by the requesting Party and at such times as the requesting Party may reasonably request to satisfy its obligations.

(c) Statements to Regulatory Authorities. Neither Party shall, with respect to any Development or Commercialization activities conducted hereunder, commit an act, make a statement or fail to act or make a statement, that would be or create an untrue statement of material fact or fraudulent statement to any Regulatory Authority with respect to the exploitation of Licensed Products.

(d) Violations; Exclusions Lists. With respect to the activities contemplated under this Agreement, during the Term, neither Party will engage, directly or indirectly, in any transactions, or otherwise deal with, except to the extent permissible under applicable United States law or other Applicable Law, any country or Person targeted by United States or other relevant economic sanctions Applicable Law, including any Person designated on the Specially Designated Nationals List. In addition, each Party agrees that it will not use (and will cause its Affiliates and Third Party contractors not to use) any Person (including any employee, officer, director or Third Party contractor) who is (or has been) on the Exclusions Lists, or who is (or has been) in Violation, in the performance of any activities hereunder. Each Party certifies to the other Party that, as of the Effective Date, it has screened itself, and its officers and directors (and its Affiliates and Third Party contractors (acting in connection with this Agreement) and their respective officers and directors) against the Exclusions Lists and that it has informed the other Party in writing whether it, or any of its officers or directors (or any of its Affiliates or any of their respective officers and directors) has been in Violation. After the Effective Date, each Party will notify the other Party in writing immediately if any such Violation occurs or comes to its attention. For purposes of this Section 11.4(d), "**Violation**" means that a Party or any of its officers or directors or any other personnel of such Party (or other permitted agents of such Party performing activities hereunder, including any of such Party's Affiliates, sublicensees or Third Party contractors and their respective officers and directors) has been: (a) convicted of any of the felonies identified among the exclusion authorities listed on the U.S. Department of Health and Human Services, Office of Inspector General (OIG) website, including 42 U.S.C. § 1320a-7(a) (http://oig.hhs.gov/exclusions/authorities.asp); (b) identified in the OIG List of Excluded Individuals/Entities (LEIE) database (http://exclusions.oig.hhs.gov/) or the U.S. General Services Administration's list of Parties Excluded from Federal Programs (http://www.epls.gov); or (c) listed by any U.S. federal agency as being suspended, debarred, excluded or otherwise ineligible to participate in federal procurement or non-procurement programs, including under 21 U.S.C. § 335a (http://www.fda.gov/ora/compliance_ref/debar/) (each of (a), (b) and (c), collectively, the "**Exclusions Lists**").

(e) Anti-Corruption. Each Party will:

(i) in connection with its activities under or in connection with this Agreement strictly comply with the OECD Anti-Bribery Convention on combating bribery of foreign public officials in international business transactions, the United States Foreign Corrupt Practices Act of 1977, the United Kingdom Bribery Act 2010 and any other equivalent Applicable Laws in the Territory for the prevention of fraud, corruption, racketeering, money laundering and terrorism, in each case as may be amended from time to time (such Applicable Law, the "**Anti-Corruption Laws**"), including such Party's own internal policies in connection therewith. Each Party shall require any Affiliates, contractors, subcontractors, distributors or other persons or

entities that provide services to such Party in connection with this Agreement to comply with such Party's obligations under this Section;

(ii) not, in the performance of this Agreement, directly or indirectly, make any payment, or offer or transfer anything of value, or agree or promise to make any payment or offer or transfer anything of value, to a Public Official or any other Third Party with the purpose of influencing decisions related to either Party or its business in a manner that would violate Anti-Corruption Laws;

(iii) no later than [*]following the end of each Fiscal Year, verify in writing that to the best of its knowledge, there have been no violations of Anti-Corruption Laws in the performance of this Agreement or shall provide details of any exception to the foregoing; and

(iv) maintain records (financial and otherwise) and supporting documentation related to the subject matter of this Agreement in order to document or verify compliance with the provisions of this Section 11.4(e) and upon request of the other Party, up to once per year and upon reasonable advance notice, shall provide the other Party or its representative with access to such records for purposes of verifying compliance with the provisions of this Section 11.4(e).

For purposes of this Section 11.4(e), "**Public Official**" means (A) any officer, employee or representative of any regional, federal, state, provincial, county or municipal government or government department, agency or other division; (B) any officer, employee or representative of any commercial enterprise that is owned or controlled by a government, including any state-owned or controlled veterinary, laboratory or medical facility; (C) any officer, employee or representative of any public international organization, such as the African Union, the International Monetary Fund, the United Nations or the World Bank; and (D) any person acting in an official capacity for any government or government entity, enterprise or organization identified above.

(f) Compliance Program. In connection with this Agreement, each Party has implemented and agrees to maintain and enforce a compliance and ethics program designed to prevent and detect violations of Applicable Law, including the Federal Food, Drug, and Cosmetic Act (21 U.S.C. § 301 et seq.), the Public Health Service Act (42 U.S.C. § 201 et seq.), the Anti-Kickback Statute (42 U.S.C. § 1320a-7b), Civil Monetary Penalty Statute (42 U.S.C. § 1320a-7a), the False Claims Act (31 U.S.C. § 3729 et seq.) and anti-corruption Applicable Law, throughout its operations (including subsidiaries) and the operations of its contractors and subcontractors that have responsibility for products, payments or services provided under this Agreement. Each Party agrees to comply with the other Party's internal code of conduct for such program. The Alliance Managers will facilitate discussions and the sharing of information and experiences between the Parties respective compliance and ethics organizations.

11.5 Disclaimer. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATIONS OR EXTENDS ANY WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, QUALITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT, OR VALIDITY OF PATENT CLAIMS. NOTHING IN

THIS AGREEMENT SHALL BE CONSTRUED AS A REPRESENTATION MADE OR WARRANTY GIVEN BY EITHER PARTY THAT SUCH PARTY SHALL BE SUCCESSFUL IN OBTAINING ANY PATENTS OR THAT ANY PATENTS SHALL ISSUE BASED ON A PENDING APPLICATION. WITHOUT LIMITING THE RESPECTIVE RIGHTS AND OBLIGATIONS OF THE PARTIES EXPRESSLY SET FORTH HEREIN, EACH PARTY SPECIFICALLY DISCLAIMS ANY GUARANTEE THAT THE RESEARCH CONDUCTED HEREUNDER, OR ANY LICENSED COMPOUNDS OR LICENSED PRODUCTS, SHALL BE SUCCESSFUL, IN WHOLE OR IN PART.

ARTICLE 12
INDEMNIFICATION

12.1 Indemnity.

(a) By Sutro. Subject to Section 12.1(c) and Section 12.2, Sutro shall defend, indemnify and hold harmless Astellas and its Affiliates, and their respective directors, officers, employees and agents (each, a "**Astellas Indemnitee**") from and against any and all costs, fees, expenses, losses, liabilities and damages, including reasonable legal expenses and attorneys' fees (collectively, "**Losses**") to which any Astellas Indemnitee may become subject as a result of any claim, demand, action or other proceeding by any Third Party (a "**Claim**") to the extent such Losses arise out of: (i) the gross negligence or willful misconduct of Sutro, its Affiliates or its or their sublicensees or Subcontractors in connection with its activities under this Agreement; (ii) the breach of this Agreement by Sutro, its Affiliates, or its or their sublicensees or Subcontractors or the breach of the representations, warranties and covenants made hereunder by Sutro, (iii) the performance of any Co-Promotion activities with respect to a CoPro Product by or on behalf of Sutro or its Affiliates or sublicensees; (iv) the Research, Development, Commercialization, Manufacture, or other exploitation of CFE, CFE Reagents, Components, Licensed Products or the Licensed Compounds, including performance of activities pursuant to a Research Plan by Sutro, its Affiliates, or (sub)licensees or on its or their behalf (provided that this sub-clause (iv) shall not be construed to address the infringement of the Patent Rights or other intellectual property rights of any Third Party), (v) the research license granted to Sutro under Section 4.7, (vi) the use, making, having made, selling, having sold, offering for sale, importing, exporting, Research, Development, Manufacture or Commercialization of Reversion Products by Sutro, its Affiliates or its or their (sub)licensees or on its or their behalf, or (vii) the infringement of the Patent Rights or other intellectual property rights of any Third Party that is (A) in-licensed under a Sutro Existing In-License Agreement (unless another cost sharing arrangement is agreed to pursuant to Section 2.3(b)) or (B) Covers or is directed to CFE or CFE Reagents, in each case (A) and (B), by the Research, Development, Manufacture, Commercialization or other exploitation of any Licensed Products or Licensed Compounds by Astellas, its Affiliates or its or their Sublicensees or on its or their behalf in accordance with this Agreement; except, in each case (i) through (v), to the extent such Losses result from (x) matters subject to clause (i) or (ii) of Section 12.1(b), or (y) any violation of Applicable Law by an Astellas Indemnitee.

(b) By Astellas. Subject to Section 12.1(c) and Section 12.2, Astellas shall defend, indemnify and hold harmless Sutro, its Affiliates, and their respective directors, officers, employees and agents (each, an "**Sutro Indemnitee**") from and against any and all Losses to which

any Sutro Indemnitee may become subject as a result of any Claim to the extent such Losses arise out of: (i) the gross negligence or willful misconduct of Astellas, its Affiliates, Sublicensees or Subcontractors in connection with its activities under this Agreement; (ii) the breach of this Agreement by Astellas, its Affiliates, Sublicensees or Subcontractors or the breach of the representations, warranties and covenants made hereunder by Astellas, or (iii) the Development, Manufacture or Commercialization of Licensed Compounds and Licensed Products by Astellas, its Affiliates or its or their Sublicensees or on its or their behalf; except, in each case, to the extent such Losses result from (x) a matter for which Losses are shared pursuant to Section 12.2, (y) matters subject to Section 12.1(a), or (z) any violation of Applicable Law by a Sutro Indemnitee.

(c) Procedure. A Party that intends to claim indemnification under this Section 12.1 (the "**Indemnitee**") shall promptly notify the other Party (the "**Indemnitor**") in writing of any Claim in respect of which the Indemnitee intends to claim such indemnification. The failure to deliver written notice to the Indemnitor within a reasonable time after the commencement of any action with respect to a Claim shall only relieve the Indemnitor of its indemnification obligations under this Section 12.1 if and to the extent the Indemnitor is actually and materially prejudiced thereby. The Indemnitor has sole control of the defense or settlement thereof. The Indemnitee shall cooperate fully with the Indemnitor and its legal representatives in the investigation of any action with respect to a Claim covered by this indemnification. The Indemnitee may participate at its expense in the Indemnitor's defense of and settlement negotiations for any Claim with counsel of the Indemnitee's own selection. The Indemnitor shall not settle any Claim without the prior written consent of the Indemnitee, not to be unreasonably withheld, conditioned or delayed. So long as the Indemnitor is actively defending the Claim in good faith, the Indemnitee shall not settle or compromise any such Claim without the prior written consent of the Indemnitor. If the Indemnitor does not assume and conduct the defense of the Claim as provided above: (i) the Indemnitee may defend against, consent to the entry of any judgment, or enter into any settlement with respect to such Claim in any manner the Indemnitee may deem reasonably appropriate (and the Indemnitee need not consult with, or obtain any consent from, the Indemnitor in connection therewith); and (ii) the Indemnitor shall remain responsible to indemnify the Indemnitee as provided in this Section 12.1.

12.2 Cost Share Product Losses in the United States. On a Cost Share Product-by-Cost Share Product basis, and without limiting the obligation of the relevant indemnitor to indemnify the indemnitee in accordance with Section 12.1 above except with respect to responsibility for costs in connection therewith, all Losses arising from any Third Party Claim to the extent directly attributable or reasonably allocable to the Development, Manufacture or Commercialization of such Cost Share Product in the United States, including fees and disbursements to counsel, incurred by either Party in connection with the defense of any such Third Party Claim in accordance with Section 12.1(c), shall be shared equally (50:50) by the Parties as an Other Expense in accordance with Article 6; provided that such Other Expenses shall not include Losses of a Party or its Affiliate to the extent such Losses are (a) due to infringement of Patent Rights or other intellectual property rights for which Sutro has an indemnification obligation pursuant to Section 12.1(a), (b) caused by a material breach of this Agreement by such Party or Affiliate; or (c) caused by the gross negligence or willful misconduct of such Party or its Affiliate.

12.3 Limitation of Liability. EXCEPT (A) FOR FRAUD, (B) FOR A PARTY'S BREACH OF ITS OBLIGATIONS UNDER ARTICLE 9, (C) FOR SUTRO'S BREACH OF SECTION 2.6 OR 4.1(d), AND (D) TO THE EXTENT ANY SUCH DAMAGES ARE REQUIRED TO BE PAID TO FOR ANY LOSSES FROM THIRD PARTY CLAIMS UNDER THIS ARTICLE 12, NEITHER PARTY NOR THEIR RESPECTIVE AFFILIATES SHALL BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR INDIRECT DAMAGES, OR FOR ANY LOSS OF PROFITS OR REVENUE (AND, FOR CLARITY, NEITHER PARTY NOR ANY OF THEIR RESPECTIVE AFFILIATES SHALL BE ENTITLED TO RECOVER FOR ANY LOST PROFIT OR LOST REVENUE DAMAGES WHETHER SUCH DAMAGES ARE CLAIMED AS DIRECT OR INDIRECT DAMAGES), ARISING FROM OR RELATING TO THIS AGREEMENT, WHETHER IN CONTRACT, WARRANTY, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, REGARDLESS OF ANY NOTICE OF THE POSSIBILITY OF SUCH DAMAGES.

12.4 Insurance.

(a) During the Term of this Agreement and [*]after termination, each Party shall obtain and maintain, at its own expense, the following insurance coverage purchased from a company or companies rated A- or better by AM Best and licensed to do business in the jurisdiction(s) in which the work is performed:

(i) Commercial General Liability insurance written on an occurrence form that provides coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal & advertising injury, and liability assumed under an insured contract with limits of at least [*]per occurrence, [*]general aggregate, and [*] products aggregate. The policy shall be endorsed to waive subrogation in favor of the other Party.

(ii) Workers' Compensation insurance that satisfies all state statutory requirements and limits in which the work is performed. The policy shall contain Employer's Liability coverage with limits of at least $1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of the other Party.

(iii) Commercial Automobile Liability insurance if the use of motor vehicles is required hereunder, with limits of at least [*] combined single limit per occurrence covering owned, hired, and non-owned vehicles.

(b) An Umbrella/Excess Liability policy may be used to meet the minimum liability requirements provided that the coverage is written on a follow-form basis.

(c) Each Party shall name the other Party and its directors, officers, employees, agents, and representatives as additional insured on the Commercial General Liability, Automobile Liability, and Umbrella/Excess Liability policies. The required insurance coverages shall be written on a primary/non-contributory basis to any other insurance.

(d) Each Party shall furnish other Party with a current certificate of insurance evidencing the coverage listed above upon request. Each Party agrees to provide the other Party with [*] notice of cancellation or material changes to such insurance.

(e) If either Party subcontracts any work associated with this Agreement, such Party agrees to require that any subcontractor maintain such types of normal and customary liability insurance in amounts adequate to cover its obligations.

ARTICLE 13
INTELLECTUAL PROPERTY MATTERS

13.1 Ownership of Intellectual Property.

(a) Inventorship; Ownership. Inventorship of Collaboration Know-How shall be determined by application of U.S. patent law pertaining to inventorship, and ownership of Collaboration Know-How shall be determined based on inventorship, except that (i) Astellas shall own [*], and (ii) Sutro shall own [*]. [*].

(b) Exploitation of Joint Collaboration Know-How and Joint Collaboration Patents. The Parties will each own an equal, undivided interest in any and all Joint Collaboration Know-How and Joint Collaboration Patents. Each Party shall have the right to use and exercise its ownership rights in and to any and all Joint Collaboration Know-How and Joint Collaboration Patents, including the right to license and sublicense or otherwise exploit or encumber its ownership interest, without an accounting or obligation to, or consent required from, the other Party, in each case subject to the terms and conditions of this Agreement, including Article 9 and the license grants in Section 2.1.

(c) Assignment. Each Party shall (and shall cause its Affiliates to), and hereby does, for no additional consideration (and the rights and obligations of the Parties as set forth in this Agreement is deemed sufficient consideration), assign all rights worldwide to the Collaboration Know-How and Collaboration Patents to the other Party as necessary to effectuate the ownership thereof as set forth in Section 13.1(a). For clarity, Sutro shall assign to Astellas all of its right, title and interest in and to any Program Specific Patents.

13.2 Patent Prosecution and Maintenance.

(a) Sutro Prosecution and Maintenance.

(i) As between the Parties, Sutro shall have the sole right and discretion to Prosecute and Maintain the (A) [*]and (B) [*]. Subject to the remainder of this Section 13.2(a), Sutro shall have the first right (but not the obligation) to control the Prosecution and Maintenance [*]. Sutro shall [*]. In addition, Sutro shall [*].

(ii) If a Sutro Patent owned by Sutro or its Affiliates or, to the extent Sutro has right to do so, any other Sutro Patent [*] (A) includes [*] or (B) includes [*].

(iii) If Sutro intends to allow any [*] to lapse or become abandoned, it will notify and consult with Astellas with respect to such decision or intention at least [*]prior to the date upon which the subject matter of such Patent Right will become unpatentable or such Patent Right will lapse or become abandoned (or such other reasonable time under the circumstances if Sutro became aware of such matters with less than [*]remaining prior to such deadline), and, if after such consultation between the Parties, Sutro still intends not to Prosecute and Maintain such Patent Right, Astellas shall have the right (but not the obligation) to assume the Prosecution and Maintenance of such Patent Right in Sutro's name and at Astellas's cost, subject to the foregoing information sharing obligation and review and comment rights applied *mutatis mutandis*.

(iv) Notwithstanding this Section 13.2(a), if at any time during Term, a [*] includes [*]. Within [*]of receipt of a written notice from Astellas identifying the [*], at Astellas's request, Sutro shall [*]. Astellas shall reimburse Sutro for any Third Party expenses incurred in furtherance of this Section 13.2(a)(iv).

(b) Astellas Prosecution and Maintenance.

(i) As between the Parties, Astellas shall have the sole right and discretion to Prosecute and Maintain [*]. Subject to the remainder of this Section 13.2(b), Astellas shall have the first right to control the Prosecution and Maintenance of the [*]. Astellas shall keep Sutro reasonably informed of the status of the filing of any such [*] and shall promptly provide Sutro with all material correspondence received from any patent authority in connection therewith. In addition, Astellas shall provide Sutro with drafts of all proposed material filings and correspondence to any patent authority with respect to the [*] for Sutro's review with reasonable time for Sutro to provide comments prior to the submission of such proposed filings and correspondences, and Astellas shall consider Sutro's reasonable comments in good faith.

(ii) If Astellas intends to allow any [*] to lapse or become abandoned, or to not file an application for any [*], it will notify and consult with Sutro with respect to such decision or intention at least [*]prior to the date upon which the subject matter of such Patent Right will become unpatentable or such Patent Right will lapse or become abandoned (or such other reasonable time under the circumstances if Astellas became aware of such matters with less than [*]remaining prior to such deadline), and, if after such consultation between the Parties, Astellas still intends not to Prosecute and Maintain such Patent Right, Sutro shall have the right (but not the obligation) to assume the Prosecution and Maintenance of such [*], at Sutro's cost, subject to the foregoing information sharing obligation and review and comment rights applied *mutatis mutandis*.

(c) Cooperation. Each Party shall cooperate fully with the other Party in the Prosecution and Maintenance of Patent Rights under this Section 13.2 at its own cost, including by: (i) executing all papers and instruments, or requiring its employees or contractors, to execute such papers and instruments, to enable the other Party to apply for and to Prosecute and Maintain the applicable Patent Rights in any country as permitted by this Section 13.2 and (ii) promptly informing the other Party of any matters coming to such Party's attention that may affect the Prosecution and Maintenance of any such Patent Rights.

13.3 Enforcement.

(a) Notice. Each Party shall notify the other within [*]of becoming aware of any alleged or threatened infringement by a Third Party of any [*] which infringement adversely affects or is expected to adversely affect the Development, Manufacture or Commercialization of a Licensed Compound or Licensed Product in the Field in the Territory, and any related declaratory judgment or equivalent action alleging the invalidity, unenforceability or non-infringement of any Astellas Patent, Sutro Patent or Joint Collaboration Patents (each a "**Third Party Infringement**").

(b) Astellas First Right. Astellas shall have the first right, but not the obligation, to bring and control any legal action to enforce the [*] against any Third Party Infringement (such legal action an "**Enforcement Action**") in the Territory at its own expense as it reasonably determines appropriate. Astellas shall keep Sutro reasonably informed as to the status of such Enforcement Action and shall consider in good faith the comments of Sutro and the interests of Sutro in such Enforcement Action. If Astellas or its designee fails to abate such Third Party Infringement in the Territory or to file an Enforcement Action to abate such Third Party Infringement in the Territory within [*]after receiving or giving notice pursuant to Section 13.3(a) or if Astellas decides to discontinue the prosecution of any such Enforcement Action without abating such Third Party Infringement, then Sutro shall have the right, but not the obligation, to enforce[*].

(c) Astellas Sole Right. Astellas shall have the sole right, but not the obligation, to bring and control an Enforcement Action to enforce [*].

(d) Sutro Sole Right. Sutro shall have the sole right, but not the obligation, to bring and control an Enforcement Action to enforce [*].

(e) Cost Share Product Enforcement Action. All Internal Costs and External Costs incurred by the Parties in connection with any Enforcement Action brought by a Party under Section 13.3(b), Section 13.3(c) or Section 13.8 in the United States with respect to a Cost Share Product shall be considered "**Shared Patent Enforcement Costs**" that shall be shared [*]between the Parties as an Other Expense.

(f) Recoveries.

(i) Any recoveries resulting from Enforcement Action brought in the United States for a Cost Share Product, whether by settlement or judgment, shall be allocated as follows: (A) first, [*]and (B) [*].

(ii) Subject to Section 13.3(f)(i), any recoveries resulting from an Enforcement Action, whether by settlement or judgment, shall be first applied against payment of each Party's costs and expenses in connection therewith; provided that if amounts recovered are insufficient to reimburse all such costs and expenses incurred by both Parties, then such recovered amounts shall be shared pro rata in proportion to the relative amount of such costs and expenses incurred by each Party. Any remaining recovery shall be allocated as follows: (A) [*]and (B) [*]

(g) Cooperation. At the request and expense of the Party bringing an Enforcement Action under this Section 13.3, the other Party shall provide reasonable assistance in connection therewith, including by executing reasonably appropriate documents, cooperating in discovery and joining as a party to the action if required by Applicable Laws or necessary for standing purposes to pursue such action. In connection with any such Enforcement Action, the Party bringing the action shall not enter into any settlement (i) imposing any obligation or liability on the other Party, or (ii) admitting the invalidity or non-infringement of, or otherwise impairing the other Party's rights in, the applicable Patent Rights without the prior written consent of the other Party not to be unreasonably withheld.

13.4 Infringement of Third Party Rights.

(a) Notice. If any Licensed Compound or Licensed Product becomes the subject of a Third Party's claim or assertion of infringement of any Patent Rights or other intellectual property rights in any country that are owned or controlled by such Third Party, such Party shall promptly notify the other Party in writing within [*]after receipt of such claim or assertion and such notice shall include a copy of any summons or complaint (or the equivalent thereof), including, if applicable, a certified translation into English, received regarding the foregoing. Thereafter, in the case of Cost Share Products, the Parties shall and, in the case of other Licensed Compounds and Licensed Products, at Astellas's request the Parties shall, promptly meet to consider the claim or assertion and the appropriate course of action and may, if appropriate, agree on and enter into a "joint defense agreement" wherein the Parties agree to their shared, mutual interest in the outcome of such potential dispute. The Parties shall assert and not waive the joint defense privilege, attorney work-product doctrine, attorney client privileges or any other privileges or protections that may apply with respect to any communications between the Parties in connection with the defense of such claim or assertion.

(b) Defense. Subject to Sections 12.1(a), 12.1(b) and 13.3, and unless otherwise agreed in the joint defense agreement, (i) Astellas shall have the first right, but not the obligation, to defend any Third Party claim or assertion that a Licensed Compound or Licensed Product infringes any Patent Rights or other intellectual property rights that are owned or controlled by such Third Party and (ii) each Party shall have the right to defend any other Third Party claim brought against it, in each case as it reasonably determines appropriate and at its expense (provided that such costs expenses may be offset as set forth in subject to Section 8.5(b)(iii) and, in the case of expenses allocable to Cost Share Products in the United States, will be shared equally as Other Expenses). Neither Party shall enter into any settlement of any Third Party claim that materially adversely affects the other Party's rights or interests under this Agreement or imposes any obligation or liability on the other Party, provided that in the event any settlement of a Third Party claim involves obtaining a license with respect to such Third Party's Patent Rights, then Section 2.3(e) shall govern with respect to negotiating and executing such Third Party license.

13.5 Third Party Technologies. Each Party's rights and obligations under this Article 13 with respect to the ownership, Prosecution and Maintenance and enforcement of any Patent Rights and other intellectual property, in each case that are licensed by such Party from a Third Party, shall be subject to the rights of such Third Party.

13.6 Patent Term Extensions. Each Party shall cooperate in good faith with the other to avoid any loss of any rights that may otherwise be available under the US Drug Price Competition and Patent Term Restoration Act of 1984, the Supplementary Certificate of Protection of the member states of the European Union and other similar measures in any other country or jurisdiction with respect to patent term extensions, adjustments or restorations (any such right, a "**Patent Term Extension**") in connection with the Licensed Products. Astellas shall have the right and be responsible, at its cost (except that, [*]), for seeking and obtaining any Patent Term Extensions for the Sutro Program Specific Component Patents and Astellas Patents, including Program Specific Patents and Joint Collaboration Patents, in connection with the Licensed Products in the Territory. Sutro shall not seek or obtain any Patent Term Extensions in connection with the Licensed Products in the Territory unless it has received Astellas's prior written approval. Sutro shall cooperate with Astellas to the extent necessary to effectuate the intent of this Section 13.6 including, promptly upon Astellas's request, providing Astellas with assistance necessary to obtain a Patent Term Extension.

13.7 Purple Book Listings. Astellas shall be responsible, at its sole cost, for determining which Sutro Program Specific Component Patents, Astellas Patents and Joint Collaboration Patents to list in the FDA's "**Purple Book**" or any equivalent thereto in any other country in the world with respect to the Licensed Products, and for listing any such Patent Rights. At Astellas's request, Sutro shall reasonably cooperate with Astellas (at Astellas's cost) with respect to listing in the Purple Book or any equivalent thereto a Sutro Patent that is not a Joint Collaboration Patent, provided that notwithstanding anything herein to the contrary, Sutro shall have the final decision-making authority as to whether or not such Sutro Patent may be listed.

13.8 Notice Under Biologics Price Competition and Innovation Act. Notwithstanding anything to the contrary in Section 13.3, each Party shall immediately give written notice to the other Party of any BLA for a Biosimilar of which they become aware filed pursuant to 21 U.S. CFR § 351(k) (or any amendment or successor statute thereto) or corresponding Applicable Laws in other countries anywhere in the world (each a "**Biosimilar Action**") referencing a Licensed Product or claiming that any Program Specific Patent, Joint Collaboration Patent, or Sutro Patent Covering any Licensed Product, or the manufacture or use of each of the foregoing, are invalid or unenforceable, or that infringement will not arise from the manufacture, use or sale of a product by a Third Party. Promptly after a Party receives notice under this Section 13.8, the Parties shall meet and decide upon a strategy and actions for responding to such Biosimilar Action, provided that Astellas shall have the first right (but not the obligation) to control any such response, at its sole expense subject to Section 13.3(e).

ARTICLE 14
TERM AND TERMINATION

14.1 Term.

(a) This Agreement shall be effective as of the Effective Date, and shall continue, unless terminated earlier as set forth herein, in effect as follows (the "**Term**"):

(i) on a Program-by-Program basis for the duration of the applicable Research Term and thereafter as follows;

(ii) subject to Section 14.1(a)(iii), with respect to Licensed Products (that are not Cost Share Products in the United States), on a country-by-country and Licensed Product-by-Licensed Product basis until the expiration of the Royalty Term for such Licensed Product and such country; and

(iii) with respect to each Cost Share Product in the United States, until the date on which the Parties have mutually agreed to permanently abandon the further Development and Commercialization of such Cost Share Product under this Agreement.

(b) On a country-by-country and Licensed Product-by-Licensed Product basis, upon the expiration of the applicable Royalty Term for such Licensed Product and such country, the license granted to Astellas under Section 2.1 in such country shall become fully paid-up, royalty-free, perpetual and irrevocable for use with such Licensed Product.

14.2 Termination by Astellas for Convenience. Astellas may terminate this Agreement in its entirety, or on a Program-by-Program, Licensed Product-by-Licensed Product or country-by-country basis, at any time upon thirty (30) days' prior written notice to Sutro.

14.3 Termination by Astellas for Safety. Astellas may terminate this Agreement on a Program-by-Program, basis, immediately upon written notice to Sutro if Astellas in good faith believes that it is not advisable for Astellas to continue to Develop or Commercialize the Licensed Compounds or Licensed Products as a result of a perceived serious safety issue.

14.4 Termination by Mutual Agreement. The Parties shall have the right to terminate this Agreement in its entirety (or in part) upon mutual written agreement. In such case, the Parties shall agree in writing on the effects of such termination (including the costs of transition or wind-down of activities), and the provisions of Section 14.10 shall not apply unless otherwise mutually agreed to by the Parties.

14.5 Termination for Material Breach. If either Party materially breaches this Agreement at any time, the non-breaching Party may give written notice to the breaching Party specifying the claimed particulars of such breach, and in such event, unless (a) the breaching Party disputes that it has committed a material breach or (b) such material breach is cured within [*](or, with respect to any breach of any payment obligation, [*]) after the date of receipt of such written notice (provided that if such cure cannot be fully achieved within such [*]cure period, then such cure period will be extended for so long thereafter as the breaching Party is using Commercially Reasonable Efforts to cure), then, subject to the remainder of this Section 14.5, the non-breaching Party shall have the right to terminate this Agreement in its entirety with immediate effect by giving written notice of such termination to the breaching Party. Notwithstanding the foregoing:

(a) If the allegedly breaching Party disputes in good faith the existence, materiality or cure of the applicable material breach and provides written notice of such dispute to the other Party within [*]after receipt of notice of the applicable material breach or notice of termination, as applicable, then the matter will be addressed under the dispute resolution provisions in Section 15.4(b) and the termination will not become effective unless and until it has been finally determined under Section 15.4(b) that the allegedly breaching Party is in material breach of any of its obligations under this Agreement and has failed to cure the same (which cure period shall

commence following such final determination). During the pendency of such a dispute, all of the terms of this Agreement will remain in effect and the Parties will continue to perform all of their respective obligations hereunder.

(b) If the material breach by a Party is limited to one or more Licensed Products or countries, and the non-breaching Party would otherwise have the right to terminate this Agreement in its entirety pursuant to the foregoing provisions of this Section 14.5, then such Party shall only have the right to terminate with respect to the Licensed Product(s) or country(ies) to which the breach is limited.

(c) The Parties agree that termination pursuant to this Section 14.5 is a remedy to be invoked only if the breach cannot be adequately remedied through a combination of specific performance and the payment of money damages.

14.6 Termination for Patent Challenge. If Astellas or any of its Affiliates directly takes any action, or knowingly provides financial or other assistance (including direct legal or technical advice) to any Third Party for the intended purpose of challenging in a court or administrative proceeding any claim in any Sutro Patent as being invalid, unenforceable or otherwise not patentable ("**Patent Challenge**"), then Sutro, at its discretion, may give notice to Astellas that Sutro will terminate the Agreement unless such Patent Challenge is withdrawn, abandoned or terminated (as appropriate) within [*]from the date of such notice. If Astellas or its Affiliate (as the case may be) does not withdraw, abandon or terminate (as appropriate) such Patent Challenge within such thirty (30) day period then, subject to the remainder of this Section 14.6, Sutro may terminate this Agreement. In the event that Sutro notifies Astellas in writing that any Sublicensee has initiated a Patent Challenge, then Astellas shall terminate such Sublicensee's Sublicense in its entirety, unless such action by such Sublicensee is withdrawn within [*]after Sutro's notice to Astellas thereof. This Section 14.6 does not apply to, and Sutro has no right to terminate due to, any Patent Challenge is a defense to any claim, suit, proceeding or cause of action brought against Astellas, its Affiliates or Sublicensees or otherwise in connection with an assertion of a cross-claim or a counter-claim or to respond to a court request or order or administrative law, request or order.

14.7 Termination for Insolvency.

(a) Right to Terminate. Each Party shall have the right to terminate this Agreement effective immediately upon delivery of written notice to the other Party in the event the other Party that (i) is generally unable to pay its debts when due, (ii) has a case commenced by or against it under the Bankruptcy Code, (iii) files for or is subject to the institution of bankruptcy, liquidation or receivership proceedings, (iv) assigns all or a substantial portion of its assets for the benefit of creditors, or (v) has a receiver or custodian appointed for its business; provided, however, that in the event of any involuntary case under the Bankruptcy Code, such Party shall not be entitled to terminate this Agreement pursuant to this Section 14.7(a) if the case is dismissed within [*]after the commencement thereof.

(b) Rights in Bankruptcy. For purposes of Section 365(n) of the US Bankruptcy Code (the "**Bankruptcy Code**") and any similar Applicable Laws in any other jurisdiction, all rights and licenses granted under or pursuant to this Agreement by Sutro and Astellas are, and shall

otherwise be deemed to be, for purposes of the Bankruptcy Code or any comparable provision of any Applicable Laws in any other jurisdiction, rights to "intellectual property" (as defined in Section 101(35A) of the Bankruptcy Code) or any comparable provision of any Applicable Laws in any other jurisdiction. The Parties agree that each Party, as licensee of such rights under this Agreement, shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code or any comparable provision of any Applicable Laws in any other jurisdiction. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party under the Bankruptcy Code or any comparable provision of any Applicable Laws in any other jurisdiction, the other Party shall be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, which, if not already in such other Party's possession, shall be promptly delivered to such other Party (i) upon any such commencement of a bankruptcy proceeding upon such other Party's written request therefor, unless such Party elects to continue to perform all of its obligations under this Agreement, or (ii) if not delivered under clause (i), following the rejection of this Agreement by such Party upon written request therefor by such other Party. The Parties agree that they intend the following rights to extend to the maximum extent permitted by law, including for purposes of the Bankruptcy Code or any comparable provision of any Applicable Laws in any other jurisdiction: (A) the right of access to any intellectual property (including all embodiments thereof) of the licensor, or any Third Party with whom the licensor contracts to perform an obligation of such licensor under this Agreement which is necessary for the Development, Manufacture or Commercialization of the Licensed Product; (B) the right to contract directly with any Third Party described in (A) to complete the contracted work and (C) the right to cure any default under any such agreement with a Third Party and set off the costs thereof against amounts payable to such licensor under this Agreement. The provisions of this Section 14.7(b) shall be (x) without prejudice to any rights a Party may have arising under any applicable insolvency statute or other Applicable Laws and (y) effective only to the extent permitted by Applicable Law.

14.8 Full Force and Effect During Notice Period. This Agreement shall remain in full force and effect during any applicable termination notice period ("**Termination Notice Period**"), and each Party shall continue to perform all of its obligations under this Agreement then in effect in accordance with the terms and conditions of this Agreement and shall be entitled to receive any payment, that is accrued during the Termination Notice Period in accordance with this Agreement even if the due date of such payment may come after the effective date of the termination.

14.9 Astellas Rights in Lieu of Termination.

(a) [*].

(b) If Astellas has the right to terminate this Agreement under Section 14.5 (in whole or in part) for breach of Sections 2.6 or 4.1(d), then, subject to Section 14.5(a), Astellas may (in its discretion), in lieu of terminating this Agreement (in whole or in part), provide written notice to Sutro selecting any or all of the following to apply:

(i) [*];

(ii) [*];

(iii) [*]; and

(iv) [*].

(c) If Astellas has the right to terminate this Agreement under Section 14.7 or for any failure by Sutro to pay its Cost Share (solely with respect to Development Costs), then Astellas may (in its discretion), in lieu of terminating this Agreement, provide written notice to Sutro selecting any or all of the following to apply:

(i) [*];

(ii) [*]; and

(iii) [*].

(d) If Astellas provides a written notice under this Section 14.9, those of the foregoing which have been selected shall automatically be effective upon the date of such notice.

14.10 Effect of Termination.

(a) Subject to Section 14.11, in the case of termination of this Agreement for any reason:

(i) **Licenses.** Except as otherwise provided herein, the licenses and all other rights granted by a Party to the other Party pursuant to this Agreement shall terminate, and all licenses and sublicenses granted hereunder by a Party or its Affiliates shall also terminate; provided that, the licenses and rights granted to Astellas hereunder shall survive as needed for Astellas (and its Affiliates and Sublicensees) to finish, transition or otherwise wind-down, as applicable, Clinical Trials and other activities for the terminated Licensed Compounds and Licensed Products.

(ii) **Sublicense Survival**. Any Sublicense granted by Astellas or its Affiliate to a Third Party under this Agreement shall survive the termination of this Agreement, provided that such Sublicensee is not then in default or breach of its Sublicense, agrees in writing to comply with the Sublicense (and, without limiting the foregoing, to pay to Sutro the amounts due to Sutro hereunder, solely to the extent related to the Sublicense and reasonably allocable to the rights licensed thereunder), and provided further that in the case where such termination is by Sutro pursuant to Section 14.5 or Section 14.6, such Sublicensee did not cause such termination.

(iii) **Wind Down and Transition.** Subject to Section 14.10(b), Astellas shall be responsible for the wind-down of Astellas's, its Affiliates' and its Sublicensees' Development, Manufacturing and Commercialization of the Licensed Compounds and Licensed Products. Without limiting the foregoing, in the event of the early termination of a Program during the Research Term for such Program, Astellas shall continue to support the Research Costs for such Program for a period of [*] following the date of the notice of termination. Astellas, its Affiliates and Sublicensees shall be entitled to continue to sell any existing inventory of Licensed Compounds and Licensed Products that have launched as of the applicable effective date of

termination, in accordance with the terms and conditions of this Agreement, for a period [*], and any such Licensed Compounds and Licensed Products sold or disposed of during this period shall be subject to the same royalties or Cost Share, as applicable, as would have applied had this Agreement otherwise remained in full force and effect.

(iv) **Return of Confidential Information.** At the disclosing Party's election, the receiving Party shall return or destroy all tangible materials to the extent comprising or containing any Confidential Information of the disclosing Party that are in receiving Party's or its Affiliates' possession or control and provide written certification of such destruction, provided that (A) the receiving Party shall not be obligated to return or destroy any such Confidential Information necessary to exercise any continuing rights, (B) the receiving Party may retain one copy of such Confidential Information for its archives solely to monitor compliance with its obligations herein, and (C) the receiving Party shall not be required to destroy electronic files containing such Confidential Information that are made in the ordinary course of its business information back-up procedures pursuant to its electronic record retention and destruction practices that apply to its own general electronic files and information.

(b) Licensed Product Reversion. In the event of termination of this Agreement in its entirety with respect to a Program pursuant to Section 4.9(b), by Sutro pursuant to Section 14.5, Section 14.6 or Section 14.7, or by Astellas pursuant to Section 14.2, then on a Reversion Product-by-Reversion Product basis:

(i) Astellas shall grant, and does hereby grant to Sutro, a sublicensable through multiple tiers, royalty-bearing, exclusive (even as to Astellas and its Affiliates) license under the Program Specific Know-How and Program Specific Patents to use, make, have made, sell, have sold, offer for sale, import, export, Research, Develop, Manufacture and Commercialize the applicable Reversion Product(s) in the Field in the Territory. In consideration for the foregoing license and the funding and performance of activities by or on behalf of Astellas under this Agreement, Sutro shall [*], in each case until the later of (A) [*] and (B) [*]. For purposes of this Section 14.10(b)(i), the definition of "Net Sales," and Sections 8.5(b) (provided that no deduction shall apply for payments under the Stanford Agreement), 8.7(c), 8.7(d), 8.7(e), 8.8, and 8.9 shall apply *mutatis mutandis* to the calculation, payment, recording, and auditing of Sutro's obligations with each reference to Astellas being considered a reference to Sutro and vice versa and each reference a Sublicensee of Astellas being considered a licensee or sublicensee of Sutro or its Affiliates. At Astellas's request, the Parties shall negotiate in good faith and, within [*], enter into a license agreement including the foregoing license and such other commercially reasonable terms typically found in such agreements.

(ii) Upon the written request of Sutro, for a period of [*]the Parties shall negotiate in good faith the terms and conditions of a written transition agreement for purposes of effectuating the transition of Reversion Product(s) to Sutro (the "**Transition Agreement**"), it being understood that in the event the Parties are unable to execute such agreement within such [*], at the request of either Party such good faith negotiations shall continue for an additional [*]. The Transition Agreement shall include the following terms:

(A) [*].

(B) [*].

(iii) If, at the time of such termination, Astellas, its Affiliates or its or their Sublicensees are conducting any Clinical Trials for the Reversion Product(s), then the Parties shall determine, on a Clinical Trial-by-Clinical Trial basis, to effectuate one of the following: (A) [*], (B) [*], or (C) [*].

(iv) [*].

(v) [*].

(vi) [*].

(vii) [*].

14.11 Consequences of Termination in Part. Upon any termination of this Agreement in part, then Section 14.10 shall apply accordingly, but solely with view to the terminated Program(s), Licensed Product(s) or country(ies).

14.12 Survival. Expiration or termination of this Agreement shall not relieve the Parties of any obligation accruing prior to such expiration or termination. Without limiting the foregoing, the provisions of Article 1 (solely with respect to defined terms that are used in surviving provisions), Section 2.2(d) (solely with respect to Third Party continuing obligations), Section 2.2(e) (solely with respect to Affiliate continuing obligations), Section 4.7, Sections 8.1-8.7 (solely with respect to payment obligations accruing prior to expiration or termination), Section 8.7(d), Section 8.8, Section 8.9, Section 8.10, Article 9, Section 10.2, Section 11.5, Article 12 (however, with respect to Section 12.4, only for the period set forth in 12.1(a)), Section 13.1, Section 14.1(b) (in the event of expiration, but not termination), Section 14.10 (in the event of termination, but not expiration), Section 14.11 (in the event of termination in part), this Section 14.12, Section 14.13 and Article 15 (excluding, however, Section 15.1(b)(ii)) shall survive the expiration or termination of this Agreement. If any Enforcement Actions are pending as of the date of expiration or termination of this Agreement, the Parties shall negotiate in good faith how best to address such Enforcement Action(s).

14.13 Termination Not Sole Remedy. Termination is not the sole remedy under this Agreement and, whether or not termination is effected and notwithstanding anything contained in this Agreement to the contrary, all other remedies shall remain available except as expressly agreed to otherwise herein.

ARTICLE 15
MISCELLANEOUS

15.1 Assignment; Change of Control.

(a) Assignment. This Agreement may not be assigned or otherwise transferred, in whole or in part, nor, except as expressly provided hereunder, may any right or obligation hereunder be assigned or transferred, by either Party without the prior written consent of the other

Party; provided, however, that (i) either Party may, without such consent, assign this Agreement and its rights and obligations hereunder, in whole or in part (including on a Licensed Product-by-Licensed Product basis, Cost Share Product-by-Cost Share Product basis, or country-by-country basis), to any of its Affiliates; provided that the assigning Party shall continue to remain fully responsible for the actions or inactions of such Affiliate in the case of such Affiliate's breach of this Agreement, (ii) either Party may, without such consent, assign this Agreement and its rights and obligations hereunder, to its successor in interest in connection with (A) a Change of Control (or similar transaction) or (B) a sale of all or substantially all of its assets related to this Agreement. Written notice of any permitted assignment of this Agreement shall be promptly provided to the non-assigning Party and any permitted assignee shall assume all rights and obligations of its assignor under this Agreement. Any attempted assignment not in accordance with this Section 15.1 shall be void.

(b) Change of Control.

(i) Whether or not this Agreement is assigned pursuant to Section 15.1(a), the Parties agree as follows: the rights to Patent Rights, Know-How or other intellectual property rights of any successor-in-interest of a Party as a result of a Change of Control of such Party or any Person that becomes an Affiliate of a Party through any Change of Control of such Party, that were controlled by such successor or Person (and not such Party or any of its Affiliates prior to such Change of Control) immediately prior to such Change of Control (other than as a result of a license or other grant of rights, covenant or assignment by such Party or its other Affiliates to, or for the benefit of, such Person) or are developed or acquired by such successor or person after such Change of Control outside of the scope of this Agreement solely if the activities that led to such development or acquisition were Segregated, will not be deemed to be "Controlled" by such Party for purposes of this Agreement and will be automatically excluded from the rights licensed to, or the covenants made in favor of, the other Party under this Agreement, provided in each case except to the extent that any such Patent Rights, Know-How or other intellectual property rights (A) following such Change of Control, are actually used in the course of such Party's or such Third Party successor-in-interest's performance of activities under this Agreement, or (B) were licensed or sublicensed by such Third Party to such Party or its Affiliates prior to the Change of Control and were included in the licenses granted by such Party hereunder prior to the Change of Control.

(ii) Sutro (or its successor) shall provide Astellas with written notice of any Change of Control (or transaction that will be a Change of Control upon its closing) of Sutro within [*]following the signing date of the agreement(s) for such transaction ("**Change of Control Notice**"). Following such signing date, (A) if Sutro has not exercised the CoPro Option on or prior to such signing date, immediately upon Astellas's written request (in its sole discretion), to be delivered to Sutro within [*]following receipt of the Change of Control Notice, all rights of Sutro to co-Promote any and all CoPro Products shall terminate, (B) if Sutro has exercised the CoPro Option for one or more Licensed Products and the signing date of such transaction is more than [*]before the anticipated First Commercial Sale of the applicable CoPro Product in the United States, then, immediately upon Astellas's written request (in its sole discretion), to be delivered to Sutro within [*]following receipt of the Change of Control Notice, all rights of Sutro to co-Promote such CoPro Product shall terminate and (C) except as set forth above, such Change of Control shall not impact Sutro's rights to co-Promote any and all CoPro Products.

15.2 Severability. Should one or more of the provisions of this Agreement become void or unenforceable as a matter of Applicable Law, then this Agreement shall be construed as if such provision were not contained herein and the remainder of this Agreement shall be in full force and effect, and the Parties will use their best efforts to substitute for the invalid or unenforceable provision a valid and enforceable provision which conforms as nearly as possible with the original intent of the Parties.

15.3 Governing Law; English Language. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without reference to any rules of conflict of laws other than New York General Obligations Law §5-1401. This Agreement was prepared in the English language, which language shall govern the interpretation of, and any dispute regarding, the terms of this Agreement.

15.4 Dispute Resolution.

(a) Early Resolution. The Parties shall negotiate in good faith and use reasonable efforts to resolve any dispute, controversy or claim arising from or related to this Agreement, including the formation, existence, validity, enforceability, performance, interpretation, breach, or termination hereof or thereof (excluding any Deadlocked Matter for which Astellas has the tie-breaking vote, a "**Dispute**"). Subject to Section 3.4 and Section 15.4(c), if any Dispute arises between the Parties, either Party may refer the Dispute to the Executive Officers of each Party for resolution. If, after [*]after the notice of Dispute, such Executive Officers have not succeeded in negotiating a resolution of the Dispute, and a Party wishes to pursue the matter, each such Dispute that is not an Excluded Claim shall be submitted for binding arbitration administered by the [*]pursuant to its rules in effect at the time such Dispute arises. The option to arbitrate under this Section 15.4(a) shall extend to any claims by or against the Parties and their respective Affiliates and any agents, principals, officers, directors, or employees of either of the Parties or their respective Affiliates.

(b) Arbitration. Any arbitration that the Parties decide to pursue shall be conducted by a single neutral arbitrator experienced in the business of pharmaceutical or biologicals. If the issues in dispute involve scientific, technical or commercial matters, the arbitrator chosen hereunder may engage experts that have educational training or industry experience sufficient to demonstrate a reasonable level of relevant scientific, medical and industry knowledge, as necessary to help resolve the dispute. The Parties shall select the arbitrator promptly following the initiation of the arbitration. If the Parties are unable or fail to agree upon the arbitrator within [*]following the initiation of arbitration, the arbitrator shall be appointed by the [*]. The arbitration shall be conducted in [*]and all proceedings and communications shall be in English. Except to the extent necessary to enforce a legal right or as may be required by law, neither a Party nor an arbitrator may disclose the existence, content, or results of an arbitration without the prior written consent of both Parties. Each Party shall bear its own costs and expenses and attorneys' fees and an equal share of the arbitrator's fees and any administrative fees of arbitration. Any arbitration findings or rulings made under this Section 15.4(b) shall be final and binding on the Parties and may be enforced in any court of competent jurisdiction. As used in this Section 15.4, the term "**Excluded Claim**" means a dispute, controversy or claim that concerns (i) the validity or infringement of a patent, trademark, copyright or trade secret, or (ii) any antitrust,

anti-monopoly or competition Applicable Laws or regulation, whether or not statutory. Any action concerning Excluded Claims identified in the foregoing clauses (i) or (ii) may be brought in any court having jurisdiction.

(c) [*].

(d) Confidentiality. Except to the extent necessary to comply with Applicable Law, legal process, or a court order or to enforce a final settlement agreement or secure enforcement of any arbitration award, the Parties agree that the existence, terms and content of any arbitration, all information and documents disclosed in any arbitration or evidencing any arbitration results, award, judgment or settlement, or the performance thereof, and any allegations, statements and admissions made or positions taken by either Party in any arbitration, shall be treated and maintained in confidence and are not intended to be used or disclosed for any other purpose or in any other forum.

(e) Equitable Relief. Nothing in this Section 15.4 shall preclude either Party from seeking equitable relief or interim or provisional relief from a court of competent jurisdiction, including a temporary restraining order, preliminary injunction or other interim equitable relief, concerning a dispute either prior to or during any arbitration if necessary to protect the interests of such Party or to preserve the status quo pending the arbitration proceeding. Each Party acknowledges and agrees that the restrictions and obligations set forth in Sections 2.6, 4.1(d), and 13.1 and in Article 9 are reasonable and necessary to protect the legitimate interests of the other Party and that such other Party would not have entered into this Agreement in the absence of such restrictions, and that any breach or threatened breach of any provision of such Sections or Articles may result in irreparable injury to such other Party for which there will be no adequate remedy at law. In the event of a breach or threatened breach of any provision of such Sections or Articles, the non-breaching Party shall be authorized and entitled to seek, without any requirement to post bond, from any court of competent jurisdiction injunctive relief, whether preliminary or permanent, specific performance, and an equitable accounting of all earnings, profits, and other benefits arising from such breach, which rights shall be cumulative and in addition to any other rights or remedies to which such non-breaching Party may be entitled in law or equity.

15.5 Force Majeure. Neither Party shall be responsible to the other for any failure or delay in performing any of its obligations under this Agreement or for other nonperformance hereunder (excluding, in each case, the obligation to make payments when due) if such delay or nonperformance is caused by strike, fire, flood, earthquake, accident, war, act of terrorism, pandemics, act of God or of the government of any country or of any local government, or by any other cause unavoidable or beyond the control of any Party hereto. In such event, such affected Party shall use Commercially Reasonable Efforts to resume performance of its obligations and shall keep the other Party informed of actions related thereto.

15.6 Extension to Affiliates. Except as expressly set forth otherwise in this Agreement, each Party shall have the right to extend its rights and obligations granted in this Agreement to one or more of its Affiliates, including, in the case of Astellas, to grant sublicenses (through multiple tiers) to its Affiliates. All applicable terms and provisions of this Agreement shall apply to any such Affiliate to which this Agreement has been extended to the same extent as such terms and provisions apply to the Party extending such rights and obligations. The Party extending the rights

and obligations granted hereunder shall remain primarily liable for any acts or omissions of its Affiliates.

15.7 Waivers and Amendments. The failure of a Party to insist upon strict performance of any provision of this Agreement or to exercise any right arising out of this Agreement shall neither impair that provision or right nor constitute a waiver of that provision or right, in whole or in part, in that instance or in any other instance. Any waiver by a Party of a particular provision or right shall be in writing, shall be as to a particular matter and, if applicable, for a particular period of time and shall be signed by such Party. No provision of this Agreement may be amended or modified other than by a written document signed by authorized representatives of each Party.

15.8 Relationship of the Parties.

(a) Nothing contained in this Agreement shall be deemed to constitute a partnership, joint venture, or legal entity of any type between Sutro and Astellas, or to constitute one as the agent of the other under Treasury Regulations Section 301.7701-1(a)(2) (or any corresponding provision under state, local or non-U.S. tax law) (an "**Entity**") or otherwise. Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give any Party the power or authority to act for, bind or commit the other.

(b) Without the prior written consent of the Parties (such consent not to be unreasonably withheld, delayed or conditioned), no Party (or successor or assignee) shall, for tax purposes, report the relationships established by this Agreement as an Entity, including either (a) making any disclosure that the relationships established by this Agreement may give rise to an Entity (whether on a U.S. Internal Revenue Service Form 8275 or otherwise) or (b) withholding any amounts from payments made to the other Party pursuant to 26 U.S. Code § 1446 (or any corresponding provision under state, local or non-U.S. tax law), unless required by a tax authority on audit or other examination.

(c) The Parties agree and acknowledge that they are acting for their own account and do not intend this Agreement to result in an Entity. Each Party is acting on its own behalf and has obtained its own legal, tax, and investment advice regarding the execution of this Agreement and the rights and obligations arising herein. The Parties shall not maintain joint bank accounts and shall not commingle funds.

15.9 Notices. All notices, consents or waivers under this Agreement shall be in writing and will be deemed to have been duly given when delivered in person, transmitted by email (receipt verified) or by express courier service (signature required) to the Party to which it is directed at its address or email shown below (or to such other addresses and fax numbers as a Party may designate by notice). This Section 15.9 is not intended to govern the day-to-day business communications necessary between the Parties in performing their obligations under the terms of this Agreement.

If to Sutro: SUTRO Biopharma, Inc.
111 Oyster Point Boulevard
South San Francisco, CA 94080

USA
Attention: General Counsel
Email: [*]

If to Astellas: Astellas Pharma Inc.
5-1, Nihonbashi-Honcho 2-chome,
Chuo-ku, Tokyo 103-8411
Japan
Attention: Senior Vice President, Business Development

With a copy to: Astellas US LLC
1 Astellas Way
Northbrook, IL 60062 USA
Attention: General Counsel

15.10 Further Assurances. Astellas and Sutro hereby covenant and agree without the necessity of any further consideration, to execute, acknowledge and deliver any and all documents and take any ministerial action as may be reasonably necessary to carry out the intent and purposes of this Agreement.

15.11 No Third Party Beneficiary Rights. This Agreement is not intended to and shall not be construed to give any Third Party any interest or rights (including any Third Party beneficiary rights) with respect to or in connection with any agreement or provision contained herein or contemplated hereby, except as otherwise expressly provided for in this Agreement.

15.12 Entire Agreement. This Agreement, including all Exhibits and Schedules hereto, and each of the Clinical Supply Agreement, CFE Supply Agreement, supply agreement contemplated in Section 7.1, quality agreements contemplated in Section 7.2, and co-promotion agreement contemplated in Section 6.6(c) set forth the entire agreement and understanding of the Parties as to the subject matter hereof and supersedes all proposals, oral or written, and all other communications between the Parties with respect to such subject matter. The Parties acknowledge and agree that, as of the Effective Date, all Confidential Information disclosed pursuant to the Confidentiality Agreement by a Party or its Affiliates to the extent related to the subject matter hereof shall be included in the Confidential Information subject to this Agreement and the Confidentiality Agreement is hereby superseded to the extent related to the subject matter hereof, provided that the foregoing shall not relieve any Person of any right or obligation accruing under the Confidentiality Agreement prior to the Effective Date. "**Confidentiality Agreement**" means the Confidential Disclosure Agreement between Sutro and Astellas dated August 31, 2021.

15.13 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. A facsimile or scanned copy of this Agreement that includes a Party's signature will be deemed an original. Facsimile, PDF or other electronic execution and delivery of this Agreement by any Party shall constitute a legal, valid and binding execution and delivery of this Agreement by such Party.

15.14 Expenses. Each Party shall pay its own costs, charges and expenses incurred in connection with the negotiation, preparation and signing of this Agreement.

15.15 Construction; Interpretation.

(a) Construction. The Parties hereto acknowledge and agree that (i) each Party and its counsel reviewed and negotiated the terms and provisions of this Agreement and have contributed to its revision, (ii) the rule of construction to the effect that any ambiguities are resolved against the drafting Party shall not be employed in the interpretation of this Agreement, and (iii) the terms and provisions of this Agreement shall be construed fairly as to all Parties hereto and not in a favor of or against any Party, regardless of which Party was generally responsible for the preparation of this Agreement.

(b) Interpretation. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall" and *vice versa*. The word "any" shall mean "any and all" unless otherwise clearly indicated by context. The term "or" will be interpreted in the inclusive sense commonly associated with the term "and/or" unless the context expressly provides otherwise. Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or therein), (ii) any reference to any Applicable Laws herein shall be construed as referring to such Applicable Laws as from time to time enacted, repealed or amended, (iii) any reference herein to any Person shall be construed to include the Person's successors and permitted assigns, (iv) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and (v) all references herein to Articles, Sections, Exhibits or Schedules, unless otherwise specifically provided, shall be construed to refer to Articles, Sections, Exhibits and Schedules of this Agreement. The headings of Articles and Sections of this Agreement are for ease of reference only and shall not affect the meaning or interpretation of this Agreement in any way.

15.16 Cumulative Remedies. No remedy referred to in this Agreement is intended to be exclusive unless explicitly stated to be so, and each shall be cumulative and in addition to any other remedy referred to in this Agreement or otherwise available under law.

15.17 Export. This Agreement is made subject to any restrictions concerning the export of products or technical information from the United States or other countries which may be imposed upon or related to Sutro or Astellas from time to time. Each Party agrees that it will not export, directly or indirectly, any technical information acquired from the other Party under this Agreement or any products using such technical information to a location or in a manner that at the time of export requires an export license or other Governmental Authority approval, without first obtaining the written consent to do so from the appropriate Governmental Authority.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties intending to be bound have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

SUTRO BIOPHARMA, INC.

By: /s/ William J. Newell_
Name: William J. Newell
Title: Chief Executive Officer

ASTELLAS PHARMA INC.

By: /s/ Kenji Yasukawa_
Name: Kenji Yasukawa
Title: Chief Executive Officer

Exhibit 10.3

FIRST AMENDMENT TO
LOAN AND SECURITY AGREEMENT

THIS FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "**Amendment**") is entered into as of June 23, 2022, by and among OXFORD FINANCE LLC, a Delaware limited liability company with an office located at 115 South Union Street, Suite 300, Alexandria, VA 22314, as collateral agent (in its individual capacity, "**Oxford**"; and in its capacity as collateral agent, "**Collateral Agent**"), the Lenders listed on Schedule 1.1 of the Loan Agreement (as defined below) or otherwise party thereto from time to time including Oxford in its capacity as a Lender and SILICON VALLEY BANK, a California corporation with an office located at 3003 Tasman Drive, Santa Clara, CA 95054 ("**Bank**" or "**SVB**") (each a "**Lender**" and collectively, the "**Lenders**"), SUTRO BIOPHARMA, INC., a Delaware corporation with offices located at 111 Oyster Point Boulevard, South San Francisco, CA 94080 ("**Borrower**").

Recitals

WHEREAS, Collateral Agent, Borrower and the Lenders party thereto from time to time have entered into that certain Loan and Security Agreement, dated as of February 28, 2020 (as amended, supplemented or otherwise modified from time to time, the "**Loan Agreement**") pursuant to which the Lenders have provided to Borrower certain loans in accordance with the terms and conditions thereof;

WHEREAS, Borrower has requested that Collateral Agent and the Lenders make certain revisions to the Loan Agreement, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below;

WHEREAS, although the Lenders and Collateral Agent are under no obligation to do so, the Lenders and Collateral Agent have agreed to make certain revisions to the Loan Agreement, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below; and

WHEREAS, in connection with the foregoing, Borrower, the Lenders and Collateral Agent desire to amend certain provisions of the Loan Agreement, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below;

NOW, THEREFORE, in consideration of the promises, covenants and agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower, the Lenders and Collateral Agent hereby agree as follows:

1.Definitions. Capitalized terms used herein but not otherwise defined shall have the respective meanings given to them in the Loan Agreement.

2.Amendments.

2.1 Section 6.10 of the Loan Agreement is hereby amended and restated as follows:

"**6.10 Financial Covenant**. Borrower shall at all times maintain unrestricted cash and/or Cash Equivalents in a minimum aggregate amount of $10,000,000 in accounts which are subject to a Control Agreement in favor of Collateral Agent."

2.2 Section 8.2(a) of the Loan Agreement is hereby amended and restated as follows:

"(a) Borrower or any of its Subsidiaries fails or neglects to perform any obligation in Sections 6.2 (Financial Statements, Reports, Certificates), 6.4 (Taxes), 6.5 (Insurance), 6.6 (Operating Accounts), 6.7 (Protection of Intellectual Property Rights), 6.9 (Notice of Litigation and

Default), 6.10 (Financial Covenant), 6.12 (Creation/Acquisition of Subsidiaries) or 6.13 (Further Assurances) or Borrower violates any covenant in Section 7; or"

2.3 Section 10 of the Loan Agreement is hereby amended and restated as follows:

"**10. NOTICES**

All notices, consents, requests, approvals, demands, or other communication (collectively, "**Communication**") by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by facsimile transmission; (c) upon delivery, when sent by email mail, (d) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (e) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Any of Collateral Agent, Lender or Borrower may change its mailing address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower:	Sutro Biopharma, Inc. 111 Oyster Point Boulevard South San Francisco, CA 94080 Attn: General Counsel Email: legal@sutrobio.com
with a copy (which shall not constitute notice) to:	Fenwick & West LLP 1191 Second Ave, 10th Floor Seattle, WA 98101 Attn: Amanda Rose Fax: (415) 281-1350 Email: arose@fenwick.com
If to Collateral Agent or the Lenders:	OXFORD FINANCE LLC 115 South Union Street Suite 300 Alexandria, VA 22314 Attention: Legal Department Fax: (703) 519-5225 Email: LegalDepartment@oxfordfinance.com
with a copy to	SILICON VALLEY BANK 3003 Tasman Drive Santa Clara, CA 95054 Attn: Peter Sletteland Email: PSletteland@svb.com
with a copy (which shall not constitute notice) to:	Troutman Pepper Hamilton Sanders LLP 401 9th Street, NW, Suite 1000 Washington, DC 20004 Attn: Charles Charpentier Fax: (202) 274-2994 Email: charles.charpentier@troutman.com

"

2.4 Section 13.1 of the Loan Agreement is hereby amended by amending and restating in its entirety the following definition therein:

"**Permitted Assignment**" means an assignment (i) to Celgene Corporation by Borrower, or any of its Subsidiaries, of the composition of matter, methods of use, and formulation of each Nominated Development Candidate (as defined in the Collaboration Agreement) and corresponding Licensed Product (as defined in the Collaboration Agreement); provided that (a) in no event shall the foregoing include any SUTRO IP (as defined in the Collaboration Agreement); and (b) all upfront payments, milestone payments or other proceeds arising from the assignment that are payable to Borrower or any of its Subsidiaries are paid to a Deposit Account that is governed by a Control Agreement; (ii) to Merck Sharp & Dohme Corp. pursuant to the Merck Collaboration Agreement; provided that (a) in no event shall the foregoing include any of Borrower's, or any of its Subsidiaries' background Intellectual Property and/or core technology (as such terms are defined in such license and/or collaboration agreement); and (b) all upfront payments, milestone payments or other proceeds arising from the assignment that are payable to Borrower or any of its Subsidiaries are paid to a Deposit Account that is governed by a Control Agreement; (iii) to Merck KGaA pursuant to the EMD License Agreement; provided that (a) in no event shall the foregoing include any of Borrower's, or any of its Subsidiaries' background Intellectual Property and/or core technology (as such terms are defined in such license and/or collaboration agreement); and (b) all upfront payments, milestone payments or other proceeds arising from the assignment that are payable to Borrower or any of its Subsidiaries are paid to a Deposit Account that is governed by a Control Agreement; (iv) to Astellas Pharma Inc. pursuant to the Astellas Agreement; provided that (a) in no event shall the foregoing include any of Borrower's, or any of its Subsidiaries' background Intellectual Property and/or core technology (as such terms are to be defined in such license and/or collaboration agreement); and (b) all upfront payments, milestone payments or other proceeds arising from the assignment that are payable to Borrower or any of its Subsidiaries are paid to a Deposit Account that is governed by a Control Agreement; and (v) to a third party (other than Celgene Corporation, Merck Sharp & Dohme Corp., Merck KGaA, or Astellas Pharma Inc.) by Borrower, or any of its Subsidiaries, of the composition of matter, methods of use, and formulation of any protein drug, antibody, antibody fragment, or antibody-drug conjugate identified as a development candidate or licensed product, in connection with such license and/or collaboration agreement with such third party; provided that (a) in no event shall the foregoing include any of Borrower's, or any of its Subsidiaries' background Intellectual Property and/or core technology (as such terms are to be defined in such license and/or collaboration agreement); and (b) all upfront payments, milestone payments or other proceeds arising from the assignment that are payable to Borrower or any of its Subsidiaries are paid to a Deposit Account that is governed by a Control Agreement. In order for an assignment under the preceding sub-clause (iv) to meet the requirements of a "Permitted Assignment", Borrower shall obtain Collateral Agent's and the Required Lenders' prior written approval (such approval shall be in Collateral Agent's or the Required Lenders' sole but reasonable discretion) of (A) the proposed definitive license and/or collaboration agreement evidencing the final material terms of such assignment, or (B) in the event such assignment relates to a protein drug, antibody, antibody fragment, or antibody-drug conjugate or other candidate to be identified as part of a discovery program conducted by Borrower pursuant to a licensing and/or collaboration agreement with such third party, the proposed final term sheet for such license and/or collaboration, provided that the final definitive license and/or collaboration agreement is consistent in all material respects with such term sheet.

"**Permitted Licenses**" are (A) licenses of over-the-counter software that is commercially available to the public, (B) non-exclusive and exclusive licenses for the use of the Intellectual Property of Borrower or any of its Subsidiaries entered into in the ordinary course of business, provided, that, with respect to each such license described in clause (B), (i) no Event of Default has occurred or is continuing at the time of such license; (ii) the license constitutes an arms-length transaction, the terms of which, on their face, do not provide for a sale or assignment of any Intellectual Property and do not restrict the ability of Borrower or any of its Subsidiaries, as applicable, to pledge, grant a security interest in or lien on, or assign or otherwise Transfer any Intellectual Property; (iii) in the case of any exclusive license, (x) Borrower delivers ten (10) days' prior written notice and a brief summary of the terms of the proposed license to Collateral Agent and the Lenders and delivers to Collateral Agent and the Lenders copies of the final executed licensing documents in connection with the exclusive license promptly upon consummation thereof, and (y) any such license could not result in a legal transfer of title of the licensed property but may be exclusive in respects other than territory and may be exclusive as to territory only as to discrete geographical areas outside of the United States; and (iv) all upfront payments, royalties, milestone payments or other proceeds arising from the licensing agreement that are payable to Borrower or any of its Subsidiaries are paid to a Deposit Account that is governed by a Control Agreement, (C) licenses to (I) Celgene Corporation pursuant to the Collaboration Agreement, (II) Merck Sharp & Dohme Corp. pursuant to the Merck Collaboration Agreement, (III) Merck KGaA pursuant to the EMD License Agreement, (IV) Vaxcyte, Inc. (formerly SutroVax, Inc.) pursuant to the Vaxcyte Agreement; (V) to Tasly Biopharmaceuticals Co., Ltd. pursuant to the License Agreement dated as of December 24, 2021, as amended April 18, 2022; (VI) to BioNova Pharmaceuticals Limited pursuant to the Option and License Agreement dated as of

October 9, 2021; and (VII) to Astellas Pharma Inc. pursuant to the Astellas Agreement; provided, that, with respect to each such license described in clause (C), (i) no Event of Default has occurred or is continuing at the time of such license; (ii) such license could not result in a legal transfer of title of the licensed property (other than with respect to any Permitted Assignment); and (iii) all upfront payments, royalties, milestone payments or other proceeds arising from the licensing agreement that are payable to Borrower or any of its Subsidiaries are paid to a Deposit Account that is governed by a Control Agreement, and (D) licenses to any third party of any protein drug, antibody, antibody fragment or antibody-drug conjugate or other candidate, provided, that, with respect to each such license described in clause (D), (i) no Event of Default has occurred or is continuing at the time of such license; (ii) the license constitutes an arms-length transaction, the terms of which, on their face, do not provide for a sale or assignment of the applicable candidate (or any Intellectual Property associated therewith), other than with respect to any Permitted Assignment; (iii) (x) Borrower delivers to Collateral Agent and the Lenders copies of the final executed licensing documents in connection with the license promptly upon consummation thereof, and (y) any such license could not result in a legal transfer of title of the licensed property (other than with respect to any Permitted Assignment); and (iv) all upfront payments, royalties, milestone payments or other proceeds arising from the licensing agreement that are payable to Borrower or any of its Subsidiaries are paid to a Deposit Account that is governed by a Control Agreement. In order for a license under the preceding clause (D) to meet the requirements of a "Permitted License", Borrower shall obtain Collateral Agent's and the Required Lenders' prior written approval (such approval shall be in Collateral Agent's or the Required Lenders' sole but reasonable discretion) of (1) the proposed definitive license and/or collaboration agreement evidencing the final material terms of such license, or (2) in the event such license relates to a protein drug, antibody, antibody fragment, or antibody-drug conjugate to be identified as part of a discovery program conducted by Borrower pursuant to a licensing and/or collaboration agreement with such third party, the proposed final term sheet for such license and/or collaboration, provided that the final definitive license and/or collaboration agreement is consistent in all material respects with such term sheet.

1.1 Section 13.1 of the Loan Agreement is hereby amended by adding the following definitions in alphabetical order therein:

"**Astellas Agreement**" means that certain License and Collaboration Agreement to be entered into by Borrower and Astellas Pharma Inc. after the date hereof; provided that such agreement is in substantially the form provided to Collateral Agent on or prior to the date hereof.

"**Vaxcyte Agreement**" means that certain Amended and Restated Vaxcyte Agreement entered into by the Borrower and Vaxcyte, Inc. (formerly SutroVax, Inc.) as of October 12, 2015.

1.2 Section 13.1 of the Loan Agreement is hereby amended by deleting in its entirety the following definition therein:

"**SutroVax Agreement**" means that certain Amended and Restated SutroVax Agreement entered into by the Borrower and SutroVax, Inc. as of October 12, 2015.

3.Limitation of Amendment.

3.1 The amendments set forth in **Section 2** above are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right, remedy or obligation which Collateral Agent or any Lender or Borrower may now have or may have in the future under or in connection with any Loan Document, as amended hereby.

3.2 This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect.

4.Representations and Warranties. To induce Collateral Agent and the Lenders to enter into this Amendment, Borrower hereby represents and warrants to Collateral Agent and Lenders as follows:

4.1 Immediately after giving effect to this Amendment (a) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (b) no Event of Default has occurred and is continuing;

4.2 Borrower has the power and due authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement, as amended by this Amendment;

4.3 The Restated Certificate of Incorporation of the Borrower and Restated Bylaws of the Borrower filed as Exhibit 3.1 and Exhibit 3.2 to the Borrower's Form 10-Q for the quarterly period ended September 30, 2018, filed with the SEC on November 14, 2018 are true, accurate and complete and have not been further amended, supplemented or restated and are and continue to be in full force and effect;

4.4 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, have been duly authorized;

4.5 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not and will not contravene (a) any law or regulation binding on or affecting Borrower, (b) any contractual restriction with a Person binding on Borrower, (c) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (d) the organizational documents of Borrower;

4.6 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on Borrower, except as already has been obtained or made; and

4.7 This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

5.Release by Borrower.

5.1 FOR GOOD AND VALUABLE CONSIDERATION, Borrower hereby forever relieves, releases, and discharges Collateral Agent and the Lenders and their present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Amendment (collectively "Released Claims"). Without limiting the foregoing, the Released Claims shall include any and all liabilities or claims arising out of or in any manner whatsoever connected with or related to the Loan Documents, the Recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing.

5.2 In furtherance of this release, Borrower expressly acknowledges and waives any and all rights under Section 1542 of the California Civil Code, which provides as follows:

> "**A general release** does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the

release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." (Emphasis added.)

5.3 By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Collateral Agent or any Lender with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

5.4 This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Collateral Agent and the Lenders to enter into this Amendment, and that Collateral Agent and the Lenders would not have done so but for Collateral Agent and the Lenders' expectation that such release is valid and enforceable in all events.

5.5 Borrower hereby represents and warrants to Collateral Agent and the Lenders, and Collateral Agent and the Lenders are relying thereon, as follows:

(a) Except as expressly stated in this Agreement, neither Collateral Agent, the Lenders nor any agent, employee or representative of Collateral Agent or any Lender has made any statement or representation to Borrower regarding any fact relied upon by Borrower in entering into this Amendment.

(b) Borrower has made such investigation of the facts pertaining to this Amendment and all of the matters appertaining thereto, as it deems necessary.

(c) The terms of this Amendment are contractual and not a mere recital.

(d) This Amendment has been carefully read by Borrower, the contents hereof are known and understood by Borrower, and this Amendment is signed freely, and without duress, by Borrower.

(e) Borrower represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and every other matter which it releases herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower shall indemnify Collateral Agent and the Lenders, defend and hold them harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

6.Counterparts. This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

7.Integration. Except as expressly set forth herein, the Loan Agreement shall continue in full force and effect without alteration or amendment. This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements.

8.Governing Law. This Amendment and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of California.

9.Effectiveness. This Amendment shall be deemed effective upon:

(i)the due execution and delivery to Collateral Agent and the Lenders of this Amendment by each party hereto; and

(ii)Borrower's payment of all Lenders' Expenses incurred through the date hereof, which may be debited (or ACH'd) from any of Borrower's accounts with the Lenders.

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In Witness Whereof, the parties hereto have caused this First Amendment to Loan and Security Agreement to be duly executed and delivered as of the date first set forth above.

BORROWER:

SUTRO BIOPHARMA, INC.

By /s/ William J. Newell
Name: William J. Newell
Title: Chief Executive Officer

COLLATERAL AGENT AND LENDER:

OXFORD FINANCE LLC

By: /s/ Joshua Friedman
Name: Joshua Friedman
Title: Chief Financial Officer

LENDER:

SILICON VALLEY BANK

By: /s/ Peter Sletteland
Name: Peter Sletteland
Title: Director

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William J. Newell certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of Sutro Biopharma, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a.designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b.designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c.evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d.disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a.all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b.any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2022

/s/ William J. Newell
William J. Newell
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Edward C. Albini, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of Sutro Biopharma, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a.designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b.designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c.evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d.disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a.all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b.any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2022

/s/ Edward C. Albini
Edward C. Albini
Chief Financial Officer
(Principal Accounting Officer and Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, William J. Newell, Chief Executive Officer of Sutro Biopharma, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1.the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2.the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 8, 2022

/s/ William J. Newell
William J. Newell
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Edward C. Albini, Chief Financial Officer of Sutro Biopharma, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1.the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2.the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 8, 2022

/s/ Edward C. Albini
Edward C. Albini
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)