



AKERO THERAPEUTICS, INC.

2024 ANNUAL REPORT

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2024.

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 001-38944

Akero Therapeutics, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

81-5266573

(I.R.S. Employer Identification No.)

601 Gateway Boulevard, Suite 350
South San Francisco, CA

(Address of Principal Executive Offices)

94080

(Zip Code)

Registrant's telephone number, including area code **(650) 487-6488**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	AKRO	The Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

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

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$1,569,636,109 as of June 30, 2024 (based on a closing price of \$23.46 per share as quoted by the Nasdaq Global Select Market as of such date). In determining the market value of non-affiliate common stock, shares of the registrant's common stock beneficially owned by officers, directors and affiliates have been excluded. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 14, 2025, the total number of shares outstanding of the registrant's Common Stock was 79,620,128 shares.

Documents Incorporated by Reference:

Part III of this Annual Report on Form 10-K incorporates by reference certain information from the registrant's definitive Proxy Statement for its 2025 annual meeting of shareholders, which the registrant intends to file pursuant to Regulation 14A with the Securities and Exchange Commission not later than 120 days after the registrant's fiscal year end of December 31, 2024. Except with respect to information specifically incorporated by reference in this Form 10-K, the Proxy Statement is not deemed to be filed as part of this Form 10-K.

SUMMARY OF THE MATERIAL RISKS ASSOCIATED WITH OUR BUSINESS

Our business is subject to numerous risks and uncertainties, including those described in Part II, Item 1A. “Risk Factors” in this Annual Report on Form 10-K. The principal risks and uncertainties affecting our business includes:

- Enrollment and retention of patients in clinical trials is an expensive and time-consuming process and could be made more difficult or rendered impossible by multiple factors outside our control, including difficulties in identifying patients with metabolic dysfunction-associated steatohepatitis (“MASH,” formerly known as nonalcoholic steatohepatitis), significant competition for recruiting such patients in clinical trials, and restrictions on patients and investigators related to outbreaks of infectious diseases or public health crises.
- We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than us.
- Failures or delays in the commencement or completion of, or ambiguous or negative results from our planned clinical trials of our product candidates, could result in increased costs to us and could delay, prevent, or limit our ability to generate revenue and continue our business.
- Clinical development is uncertain and our clinical trials for efruxifermin (“EFX”) and any future product candidates may experience delays, which would adversely affect our ability to obtain regulatory approvals or commercialize these programs on a timely basis or at all, which would have an adverse effect on our business.
- We rely and will continue to rely on third parties to conduct our clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines or comply with regulatory requirements, we may not be able to obtain regulatory approval of or commercialize any potential product candidates.
- The manufacture of our product candidates is complex and we may encounter difficulties in production. If we or any of our third-party manufacturers encounter such difficulties, or fail to meet rigorously enforced regulatory standards, our ability to provide supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or stopped, or we may be unable to maintain a commercially viable cost structure.
- We are heavily dependent on the success of EFX, our only product candidate.
- If we fail to develop and successfully commercialize other product candidates, our business and future prospects may be harmed and our business will be more vulnerable to any problems that we encounter in developing and commercializing our product candidate.
- We may develop EFX, and potentially future product candidates, in combination with other therapies, which exposes us to additional risks.
- If we are not successful in discovering, developing, receiving regulatory approval for and commercializing EFX and any future product candidates, our ability to expand our business and achieve our strategic objectives would be impaired.
- We may be required to make significant payments under our license agreement for EFX.
- The regulatory approval processes of the U.S. Food and Drug Administration (the “FDA”) and comparable foreign regulatory authorities are lengthy, time-consuming and inherently unpredictable. Our inability to obtain regulatory approval for EFX or any future product candidate would substantially harm our business.
- Even if we are able to obtain regulatory approvals for our product candidate or any future product candidates, if they exhibit harmful side effects after approval, our regulatory approvals could be revoked or otherwise negatively impacted, and we could be subject to costly and damaging product liability claims.
- Our relationships with customers and third-party payors will be subject to applicable anti-kickback, fraud and abuse, transparency and other healthcare laws and regulations, which, if violated, could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm, administrative burdens and diminished profits and future earnings.
- We have incurred significant losses since our inception and we expect to incur losses for the foreseeable future.

- We currently have a limited operating history, have not generated any revenue to date, and may never become profitable.
- We will require additional capital to finance our operations, which may not be available to us on acceptable terms, or at all. As a result, we may not complete the development and commercialization of our product candidate or develop any future product candidates.

TABLE OF CONTENTS

	<u>Page</u>
PART I	
Item 1. Business	6
Item 1A. Risk Factors	49
Item 1B. Unresolved Staff Comments	99
Item 1C. Cybersecurity	99
Item 2. Properties	99
Item 3. Legal Proceedings	99
Item 4. Mine Safety Disclosures	100
PART II	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	100
Item 6. Reserved	101
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	102
Item 7A. Quantitative and Qualitative Disclosures about Market Risk	113
Item 8. Financial Statements and Supplementary Data	114
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	144
Item 9A. Controls and Procedures	144
Item 9B. Other Information	146
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	146
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	146
Item 11. Executive Compensation	146
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	146
Item 13. Certain Relationships and Related Transactions, and Director Independence	147
Item 14. Principal Accounting Fees and Services	147
PART IV	
Item 15. Exhibits, Financial Statement Schedules	147
Item 16. Form 10-K Summary	147

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements involve risks, uncertainties, and other factors that may cause actual results, levels of activity, performance, or achievements to be materially different from the information expressed or implied by these forward-looking statements. All statements, other than statements of historical facts, contained in this Annual Report on Form 10-K, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans and objectives of management and expected market growth are forward-looking statements. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “would” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

These forward-looking statements include, among other things, statements about:

- the success, cost and timing of our product development activities and clinical trials, including statements regarding the timing of initiation and completion of studies or trials and related preparatory work, the period during which the results of the trials will become available, and our research and development programs;
- our ability to successfully enroll, conduct and complete the three parallel, randomized, placebo-controlled, global clinical trials of our Phase 3 SYNCHRONY program, including our ability to reach agreement with the FDA and other regulatory authorities on clinical trial designs and the enrollment of patients in Israel and Turkey amidst the conflict in the Middle East;
- our ability to maintain our expected timeline for reporting primary endpoint results of the Phase 3 SYNCHRONY Histology and SYNCHRONY Real-World clinical trials;
- the potential for another pandemic, epidemic or outbreak of an infectious disease, such as COVID-19, to disrupt our business plans, product development activities, ongoing clinical trials, including the timing and enrollment of patients, the health of our employees and the strength of our supply chain;
- our ability to advance any product candidate into or successfully complete any clinical trial;
- our ability to successfully manufacture our product candidates for future clinical trials or for commercial use, if approved;
- the potential for our identified research priorities to advance our technologies;
- our ability to obtain and maintain regulatory approval, if obtained, of EFX or any future product candidates, and any related restrictions, limitations and/or warnings in the label of an approved product candidate;
- the ability to license additional intellectual property relating to any future product candidates and to comply with our existing license agreement;
- our ability to commercialize our products in light of the intellectual property rights of others;
- the success of competing therapies that are or become available;
- our ability to obtain funding for our operations, including funding necessary to complete further development and commercialization of our product candidates;
- the commercialization of our product candidates, if approved;
- our plans to research, develop and commercialize our product candidates;
- our ability to attract collaborators with development, regulatory and commercialization expertise;
- future agreements with third parties in connection with the commercialization of our product candidates and any other approved product;
- the size and growth potential of the markets for our product candidates, and our ability to serve those markets;
- the rate and degree of market acceptance of our product candidates, if approved;
- regulatory developments in the United States and foreign countries;
- our ability to contract with third-party suppliers and manufacturers and their ability to perform adequately;
- our ability to attract and retain key scientific or management personnel;
- the accuracy of our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- the impact of laws and regulations; and

- our expectations regarding our ability to obtain and maintain intellectual property protection for our product candidates.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this Annual Report on Form 10-K, particularly in the “Risk Factors” section, that could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, collaborations, joint ventures or investments that we may make or into which we may enter.

You should read this Annual Report on Form 10-K and the documents that we reference herein and have filed or incorporated by reference as exhibits hereto completely and with the understanding that our actual future results may be materially different from what we expect. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

NOTE REGARDING TRADEMARKS

Akero Therapeutics, Inc. is the owner of the AKERO trademark, as well as certain other trademarks, including design versions of some of these trademarks. The symbols TM and ® are not used in connection with the presentation of these trademarks in this report and their absence does not indicate a lack of trademark rights. Certain other trademarks used in this report are the property of third-party trademark owners and may be presented with or without trademark references.

All brand names or trademarks appearing in this report are the property of their respective owners. Unless the context requires otherwise, references in this report to “Akero,” the “Company,” “we,” “us” and “our” refer to Akero Therapeutics, Inc. and its subsidiary.

PART I

Item 1. Business

Overview

We are a clinical-stage company dedicated to developing transformational treatments for patients with serious metabolic diseases marked by high unmet medical need, including metabolic dysfunction-associated steatohepatitis, or MASH, formerly known as non-alcoholic steatohepatitis, or NASH. MASH is a severe form of metabolic dysfunction-associated steatotic liver disease, or MASLD, formerly known as nonalcoholic fatty liver disease, or NAFLD, characterized by inflammation and fibrosis in the liver that can progress to cirrhosis, liver failure, cancer and death. Our lead product candidate, efruxifermin, or EFX, is an analog of fibroblast growth factor 21, or FGF21, which is an endogenously expressed hormone that protects against cellular stress and regulates metabolism of lipids, carbohydrates and proteins throughout the body. We have initiated a Phase 3 program called SYNCHRONY, which is comprised of three ongoing clinical trials (*Outcomes*, *Histology*, and *Real-World*) designed to support applications for marketing approval for patients with compensated cirrhosis (F4) due to MASH and pre-cirrhotic MASH (F2-F3). The SYNCHRONY program builds on two biopsy-based Phase 2b trials in corresponding patient populations, with a combined total of over 300 patients treated for up to 96 weeks. Based on the statistically significant reversal of cirrhosis and fibrosis regression among patients with either biopsy-confirmed compensated cirrhosis (F4) due to MASH or pre-cirrhotic MASH (F2-F3) observed in our Phase 2b clinical trials, we believe EFX has the potential, if approved, to be an important medicine for treating MASH.

Results from five randomized, double-blind, placebo-controlled clinical trials evaluating EFX have been reported, and across all trials reported to date a total of 385 adult patients with either MASH and/or type 2 diabetes have been treated with EFX and evaluated for up to 96 weeks. An additional 66 healthy volunteers or patients with severe hepatic impairment were evaluated in open label, single-dose clinical pharmacology studies.

In January 2025, we reported preliminary topline week 96 results from SYMMETRY, a Phase 2b trial evaluating the efficacy and safety of EFX in patients with biopsy-confirmed compensated cirrhosis (F4), Child-Pugh Class A, due to MASH. The trial previously showed a numerical trend but not statistical significance on the primary endpoint of ≥ 1 stage improvement in fibrosis with no worsening of MASH after 36 weeks of treatment, with 24% and 22% for the 50mg and 28mg EFX dose groups, compared to 14% for the placebo arm. At week 96, among patients with baseline and week 96 biopsies (N=134), 39% of patients treated with 50mg EFX (n=46) (p=0.009) experienced reversal of cirrhosis with no worsening of MASH, compared to 15% for placebo (n=47). By intent to treat, or ITT, analysis (N=181), with all missing week 96 biopsies treated as failures, 29% of the 50mg EFX patients (n=63) (p=0.031) experienced reversal of cirrhosis with no worsening of steatohepatitis, compared to approximately 12% for placebo (n=61). Statistically significant results were also observed for MASH resolution by both completer and ITT analyses. In a subgroup of patients with baseline and week 96 biopsies who were not taking a GLP-1 receptor agonist (GLP-1) at baseline (N=97), 45% (p=0.009) in the 50mg EFX group (n=29) experienced reversal of cirrhosis with no worsening of MASH compared to 17% for placebo (n=36), suggesting that the observed reversal of cirrhosis was not attributable to GLP-1 therapy. Results for the 28mg EFX group on these measures were numerically higher than placebo but not statistically significant. Only the 50mg EFX group is being evaluated in the Phase 3 SYNCHRONY *Outcomes* study in patients with compensated cirrhosis (F4) due to MASH.

In March 2024, we reported preliminary topline week 96 results from HARMONY, a Phase 2b trial evaluating the efficacy and safety of EFX in patients with pre-cirrhotic MASH, fibrosis stage 2 or 3 (F2-F3). The trial previously met its primary endpoint of ≥ 1 stage improvement in fibrosis with no worsening of MASH after 24 weeks of treatment for both the 50mg EFX (41%, p<0.001) and 28mg EFX (39%, p<0.001) dose groups, compared to 20% for the placebo arm. At week 96, the response rates on this endpoint increased to 75% (p<0.001) for 50mg EFX and 46% for 28mg EFX, compared to 24% for placebo. EFX was also observed to achieve statistical significance on additional histology endpoints at week 96. Notably, 36% (p=0.002) and 31% (p<0.001) of patients treated with 50mg EFX and 28mg EFX experienced a 2-stage improvement in fibrosis without worsening of MASH—which is more than 10-fold the placebo rate of 3%. In addition, among a subgroup of patients with F3 fibrosis at baseline (N=56), 68% (p<0.001) of patients in the 50mg EFX group were observed to achieve at least a 1-stage improvement in fibrosis without worsening of MASH, compared to 14% for placebo. Both the 28mg and 50mg EFX dose groups are being evaluated in the Phase 3 SYNCHRONY *Histology* study in patients with pre-cirrhotic (F2-F3) MASH.

EFX has been reported to be generally well-tolerated across completed clinical trials of EFX to date. Most adverse events, or AEs, were mild or moderate. Diarrhea, nausea and vomiting as well as injection site reactions were generally the most common AEs. Treatment-emergent AEs leading to discontinuation through each study's primary analysis period have been low, ranging from less than 5% in patients with F1-F3 MASH to less than 10% in subjects with compensated cirrhosis due to MASH (F4).

Enrollment for a multi-trial, global Phase 3 program called SYNCHRONY began in the fourth quarter of 2023. The Phase 3 SYNCHRONY program consists of three trials, SYNCHRONY *Outcomes*, SYNCHRONY *Histology*, and SYNCHRONY *Real-World*. SYNCHRONY *Outcomes* is a two-cohort trial evaluating EFX for treatment of patients with compensated cirrhosis (F4), Child-Pugh Class A, due to MASH. Patients are receiving weekly injections of either EFX 50mg or placebo. The primary histology endpoint, for Cohort 1 only, is the proportion of patients experiencing \geq 1-stage improvement in fibrosis and no worsening of steatohepatitis after 96 weeks of treatment. The primary outcomes endpoint for all patients enrolled across Cohort 1 and Cohort 2 is the time from randomization to first occurrence of any protocol-specified clinical event. SYNCHRONY *Histology* is a two-cohort trial evaluating EFX for treatment of patients with pre-cirrhotic MASH, fibrosis stage 2 or 3 (F2-F3). Patients are receiving weekly injections of 28mg EFX, 50mg EFX, or placebo. The primary histology endpoint, for Cohort 1 only, to support an application for accelerated approval, is the proportion of patients experiencing \geq 1-stage fibrosis improvement and resolution of MASH after 52 weeks of treatment. All patients in Cohort 1 and Cohort 2 will be evaluated for long-term clinical outcomes for up to 240 weeks of treatment. Results for the 52-week primary histology endpoint from the SYNCHRONY *Histology* trial are expected in the first half of 2027. SYNCHRONY *Real-World* is evaluating EFX for treatment of patients with MASH, fibrosis stages 1 through 4, compensated (F1-F4, compensated). The primary endpoint of safety and tolerability will be assessed after 52 weeks of treatment. In January 2025, we announced completion of enrollment of the double-blind portion of SYNCHRONY *Real-World*. Results from the SYNCHRONY *Real-World* trial are expected in the first half of 2026.

The FDA has granted both Fast Track designation and Breakthrough Therapy designation for EFX for the treatment of MASH. In addition, the European Medicines Agency, or EMA, has granted a Priority Medicines, or PRIME, designation for EFX for the treatment of MASH. The Fast Track and PRIME programs are designed to enhance regulatory support for the development of promising investigational medicines where early clinical data suggest the potential to meet a high unmet medical need. The FDA's Breakthrough Therapy designation is meant to expedite development and review of a therapy for a serious or life-threatening disease or condition when preliminary clinical evidence indicates the drug may demonstrate substantial improvement on one or more clinically significant endpoints over available therapies. Benefits of these programs may include more frequent regulatory interactions, enhanced guidance on the overall development plan and regulatory strategy, and accelerated assessment of marketing authorization, or MA, applications.

In five separate clinical trials in patients with MASH and/or type 2 diabetes, EFX has been observed to reverse cirrhosis, reverse moderate to advanced fibrosis, resolve steatohepatitis, and help restore healthy metabolism to the whole body. Consequently, we believe EFX, if approved, holds the potential to be an important medicine for treatment of patients with compensated cirrhosis (F4) due to MASH and pre-cirrhotic (F2-F3) MASH. We also believe EFX may be able to be used in combination with other therapies for potentially greater effect in certain subpopulations, particularly among the substantial proportion of patients with both MASH and type 2 diabetes who are expected to be treated with GLP-1 therapeutics to manage their diabetes.

In June 2018, we acquired exclusive global development and commercialization rights to EFX from Amgen Inc., or Amgen, which leveraged its deep protein engineering expertise to design and develop EFX. As of February 14, 2024, our patent portfolio relating to EFX and other peptides included 209 issued patents and 17 pending patent applications worldwide, with expected patent exclusivity up to 2034 in the United States, including potential patent term extension. Recently filed patent applications, if granted, may extend patent exclusivity to 2045. Since EFX is a biologic, marketing approval would also provide twelve years of market exclusivity from the approval date of a Biologics License Application, or BLA, in the United States.

Our management team has extensive experience in drug discovery, development and commercialization, and has been involved in the approvals of more than 20 medicines. Our Chief Executive Officer, Andrew Cheng, MD, PhD, was formerly Chief Medical Officer at Gilead, and responsible for clinical development for Gilead's HIV program. Our Chief Development Officer, Kitty Yale, led global clinical operations and management of Gilead's oncology, HIV, inflammation and liver disease trials. Our Chief Scientific Officer, Tim Rolph, DPhil, was formerly Chief Scientific

Officer of Pfizer's Cardiovascular & Metabolic Disease Research Unit, and oversaw Pfizer's FGF21 program. Our Chief Technical Officer, Scott Gangloff, led global biopharmaceutical development and manufacturing of Incyte's biologics portfolio. We believe that our team is well positioned to leverage its collective experience in drug development and in-depth knowledge of FGF21 biology and metabolic diseases to develop and commercialize products that will have significant benefits for patients with MASH and other serious metabolic diseases with high unmet medical need.

Our Strategy

Our goal is to become a leading biotechnology company focused on developing and commercializing transformative treatments for serious metabolic diseases with high unmet medical need, with an initial focus on MASH. The key components of our strategy are to:

Advance EFX through clinical development for both compensated cirrhosis (F4) due to MASH and pre-cirrhotic (F2-F3) MASH. We believe that EFX has the potential to be an important medicine, if approved, for the treatment of MASH. Data from our Phase 2b SYMMETRY and HARMONY studies suggest that EFX has the potential to reverse compensated cirrhosis and reverse moderate to advanced fibrosis, as well as improve non-invasive markers of liver fibrosis and liver injury, insulin sensitivity and lipoprotein profile. We are committed to accelerating development as much as possible for patients with compensated cirrhosis (F4) due to MASH and pre-cirrhotic MASH (F2-F3), consistent with guidance from regulatory authorities.

Scale our capabilities to support development and commercialization of EFX. We are scaling our manufacturing and organizational capabilities to capitalize on our exclusive, global rights to market EFX. We have successfully manufactured drug substance at Boehringer Ingelheim and a new drug product-device combination at Vetter Pharma, which is currently being used for patient self-administration in the Phase 3 SYNCHRONY program. When appropriate, we intend to develop the commercial infrastructure required for bringing EFX to patients with MASH in the United States, if approved. We also plan to evaluate options, including potential strategic collaborations, for delivering EFX, if approved, to patients in other key markets, such as Europe, Japan and China.

Leverage our knowledge of FGF21 biology to bring EFX to additional patients with metabolic diseases. Numerous publications have shown that increases in endogenous FGF21 expression occur in response to various types of metabolic and cellular stress arising from obesity, diabetes, mitochondrial diseases and cardiovascular disease, as well as MASH. EFX has been engineered to reproduce the biological activity profile of native FGF21 while also addressing certain therapeutic limitations, such as a short half-life. We are exploring opportunities to develop EFX for additional indications where there is a compelling scientific rationale, strong clinical tractability and significant unmet medical need.

Enhance our position as a leading metabolic disease company by developing, acquiring or in-licensing additional investigational product candidates. We are continually evaluating opportunities to build a robust pipeline of potential leading treatments for serious metabolic diseases. We may select additional assets for their potential as stand-alone monotherapies or for eventual use in combination with other products.

Our Pipeline

Our pipeline is anchored by EFX, a potential treatment for MASH. We have one EFX program focused on patients with pre-cirrhotic MASH (F2-F3) and a second EFX program focused on patients with compensated cirrhosis due to MASH (F4).

MASH Overview

MASH is a severe form of MASLD, which is driven by the global obesity epidemic. Patients with MASLD have an excessive accumulation of fat in the liver resulting from an excess of caloric intake over energy needs. In patients with MASH, excessive liver fat leads to hepatocyte stress, which triggers localized inflammation and can cause extensive scarring, or fibrosis, as the liver attempts to repair and replace damaged cells.

Patients with MASH are at increased risk of liver-related morbidity and mortality, including liver failure and hepatocellular carcinoma. As MASH progresses, cardiovascular-related morbidity and mortality also increase, with

cardiovascular disease being the most frequent cause of death among patients with MASH. The prevalence of patients with moderate to advanced fibrosis and cirrhosis (F2-F4) in the United States is projected to rise to 14.1 million by 2030, representing a roughly 100% increase from an estimated 6.7 million in 2016.

Diagnosis and disease burden

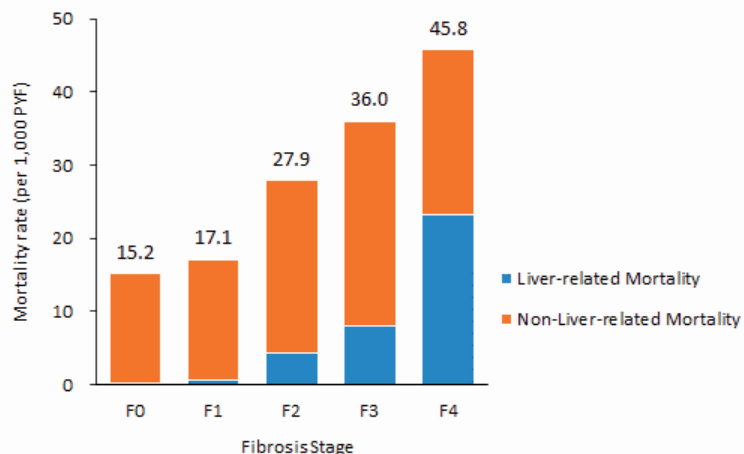
In clinical practice, MASH is generally diagnosed and treated using non-invasive tests. Within clinical trials to meet regulatory requirements, MASH is diagnosed through liver biopsy and its severity is measured using scoring systems that assess the extent and severity of steatosis, lobular inflammation, hepatocellular ballooning and fibrosis. Although noninvasive tests, including a combination of imaging, such as Magnetic Resonance Imaging Protein Density Fat Fraction, or, MRI-PDFF, and Vibration-Controlled Transient Elastography, or FibroScan, and plasma biomarkers of fibrosis, such as Enhanced Liver Fibrosis (ELF) score, are being used in clinical practice, none have yet been validated for use in clinical trials to support marketing approval.

Two different scoring systems are most commonly used in United States clinical trials to measure the severity of MASH: the NAFLD activity score, or NAS, and fibrosis stage. The NAS, which was specifically developed for, and generally only used in, clinical trials, is a measure of liver histology that grades disease activity in patients with MASLD or MASH. A patient may receive a composite NAS score of 0-8, which is comprised of three individual scores: (1) steatosis, scored 0-3 according to the percentage of a microscopic field showing steatosis, (2) lobular inflammation, scored 0-3 according to the number of immune cell foci per optical field at 20-fold magnification, and (3) hepatocellular ballooning, scored 0-2 according to the number of ballooning cells in a microscopic field. In addition, staging is used to classify the extent and severity of fibrosis with a scoring system based on a scale from 0-4, or F0-F4. Early, discrete fibrosis is classified as F1 or F2, whereas bridging fibrosis is classified as F3. As more hepatocytes die and scarring becomes extensive, the liver becomes cirrhotic, which is classified as stage F4.

Patients with MASH are at increased risk of liver damage and other complications. Pre-cirrhotic fibrosis is generally reversible. Prior to reporting of the preliminary topline week 96 results from our Phase 2b SYMMETRY study in patients with compensated cirrhosis (F4) due to MASH, cirrhosis had generally been viewed as irreversible.

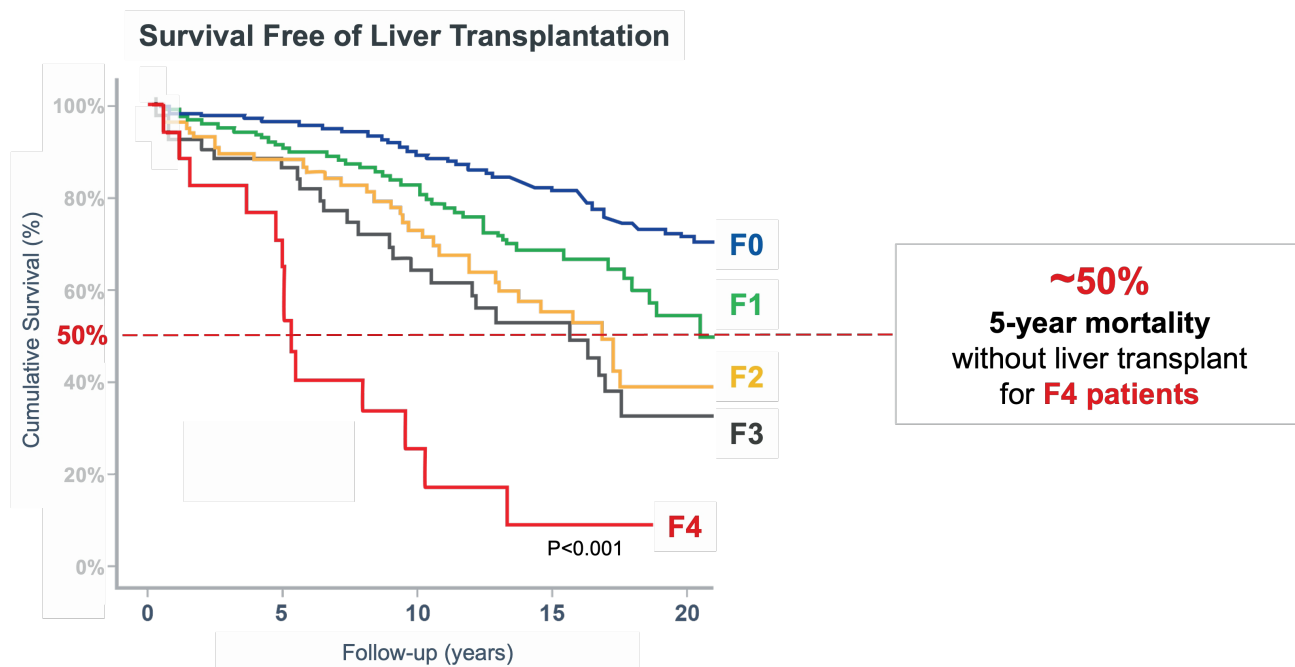
MASH is commonly associated with metabolic comorbidities, including obesity, type 2 diabetes and dyslipidemia, and with hypertension. In addition, the majority of patients with MASH also present with metabolic syndrome. As shown in the figure below, which is based on a pooled meta-analysis of multinational clinical trial data published in Hepatology (2017), liver-related mortality increases with fibrosis stage. As compared to healthy individuals, patients with MASH also experience higher all-cause morbidity and mortality resulting from major adverse cardiovascular events, and non-liver cancers. The most common cause of death in patients with MASH is cardiovascular disease. As with liver-related mortality, all-cause mortality also increases with fibrosis stage. Our focus is on patients with compensated cirrhosis (F4) and pre-cirrhotic moderate to advanced fibrosis (F2-F3).

MASH Mortality Rates by Fibrosis Stage



Patients with cirrhosis due to MASH face a particularly poor prognosis. In the chart below, the overall 5-year survival rate without a liver transplant amongst F4 patients is about 50 percent. Patients with compensated cirrhosis are at risk of decompensation or liver failure. Liver failure manifests as clinical events such as fluid buildup in the abdomen known as ascites, presence of enlarged esophageal veins known as varices, and impaired brain function known as hepatic encephalopathy. We believe a therapeutic treatment option that reverses cirrhosis due to MASH would represent a major medical advance with the potential to meaningfully improve outcomes and transform patients' lives.

High Risk of Mortality Associated with Cirrhosis Due to MASH



Market size and trends

According to studies published in *Hepatology* (2018) and F1000Research (2018), more than one billion people worldwide were estimated to have MASLD in 2016, including an estimated 85 million individuals in the United States. Approximately 10-20% of patients with MASLD progress to MASH, including an estimated 17.3 million individuals in the United States and 16.4 million aggregate individuals in France, Germany, Italy, Spain, the United Kingdom, and Japan in 2016. As the global population ages, the prevalence of MASH is projected to increase approximately 50% by 2030 to a total of 27.0 million individuals in the United States and 22.5 million aggregate individuals in France, Germany, Italy, Spain, the United Kingdom and Japan. However, MASH afflicts all age groups, including teenagers and young adults, for whom the loss of quality-adjusted life years will be substantial unless progression to late-stage diseases can be halted or reversed. According to a study published in *Hepatology* (2016), in the absence of approved therapies, direct healthcare costs associated with MASLD and MASH in the United States were estimated to be approximately \$100 billion in 2016.

Growth in prevalence of MASH in the United States is projected to be greatest in patients with stage F2-F4 fibrosis, with more than a doubling across these stages between 2016 and 2030 and higher growth rates with each advancing fibrosis stage. More than 14 million Americans are projected to have MASH with F2, F3 or F4 fibrosis in the United States by 2030, with over ten million aggregate individuals in France, Germany, Italy, Spain, the United Kingdom, and Japan. This rapid growth in advanced fibrosis reflects the obesity epidemic that developed in the late 20th century, with patients progressing through MASLD to advanced MASH over the last 20-30 years.

An estimated 3 million Americans are projected to have cirrhosis due to MASH by 2030. Cirrhosis due to MASH is the fastest growing cause of liver transplants and liver cancer in the United States and Europe.

Marketed and investigational therapies in development

In March 2024, the FDA approved the first therapy for treatment of adults with noncirrhotic MASH with moderate to advanced liver fibrosis (consistent with stages F2 to F3 fibrosis). This product, marketed under the brand name Rezdiffra™, is a selective agonist of thyroid hormone receptor- β and appears to act primarily by regulating fat metabolism in the liver, thereby addressing the underlying disease driver of MASH. There currently are no approved therapies for treatment of compensated cirrhosis (F4) due to MASH.

The multistep progression of MASH pathogenesis offers a variety of potential approaches for therapeutic intervention and many of these approaches continue to be explored with one or more therapeutic candidates. Many MASH therapeutic candidates have had discouraging clinical trial results due to unfavorable efficacy and/or safety results, with a substantial number of programs discontinued. Disappointing clinical results have especially been associated with therapeutic candidates designed to target late-stage disease by mitigating inflammation and reversing fibrosis, which have been labeled as “anti-fibrotic” mechanisms. Available data suggest that focusing only on suppressing inflammation and fibrosis is unlikely to deliver sustained reversal of fibrosis or resolution of MASH because the processes underlying MASH pathogenesis are not being addressed.

We believe the greatest potential for effective MASH treatment requires addressing both the late-stage fibrosis and the underlying processes of MASH pathogenesis, combined with a favorable cardiovascular profile and minimal potential for drug-drug interactions associated with small molecules. Some MASH candidates are being evaluated for use in combination with one or more other investigational or marketed drugs to intervene at different stages of MASH pathogenesis and manage unwanted side effects. However, combining multiple interventions, particularly multiple small molecules, places an additional burden of drug metabolism and clearance upon already stressed hepatocytes.

We believe EFX has the potential to address the complex pathogenesis of MASH as a foundational monotherapy: reducing liver fat, restoring metabolic balance, and reversing cirrhosis as well as fibrosis while simultaneously improving multiple independent risk factors for cardiovascular disease, without worsening MASH pathogenesis.

Harnessing FGF21's Natural Metabolic and Anti-Fibrotic Effects

EFX harnesses the natural properties of FGF21 as a potential treatment for MASH. Specifically, EFX has been engineered to overcome the limitations of endogenous FGF21 by extending half-life from less than two hours to approximately 3 days while maintaining FGF21's natural role in alleviating cellular stress and regulating whole-body metabolism. Consequently, EFX has the potential to address the underlying metabolic disease drivers of MASH while also reversing liver fibrosis. We believe EFX has the potential to be the leading FGF21 analog that most closely mimics the native protein with a half-life that supports convenient weekly dosing.

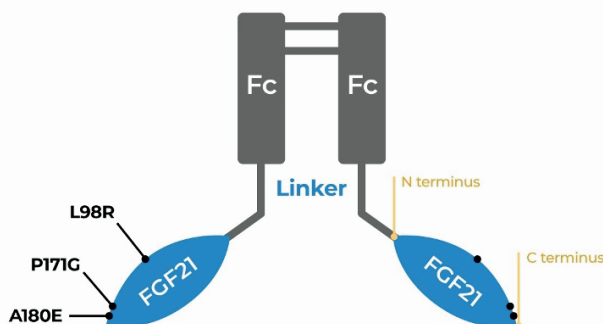
Overview of FGF21 biology

Fibroblast growth factors, or FGFs, are a large family of cell-signaling proteins involved in the regulation of many processes within the body. FGF21 is part of a sub-family known as endocrine FGFs, which are unique among FGFs because they initiate their biological effects by binding tightly to a cell surface receptor known as Beta Klotho, or β Klotho. After this initial binding, FGF21 triggers signaling pathways within cells, such as hepatocytes and adipocytes, by binding to a second class of cell-surface receptor, known as the FGF receptors, or FGFRs. FGF21 binds to three specific FGFRs, known as FGFR1c, FGFR2c and FGFR3c. Once a co-receptor complex has formed with β Klotho and one of the FGFRs, a series of intracellular signaling cascades is initiated. These signaling cascades enable FGF21 to exert its biological functions, which include regulation of energy homeostasis, glucose-lipid-protein metabolism and insulin sensitivity, and modulation of pathways that mitigate against intracellular stress. FGF21 cannot signal through cell membranes without both an intact C-terminus and an intact N-terminus to bind, respectively, to β Klotho and FGFR. We believe EFX has been engineered to maximize binding at both the C-terminus and N-terminus, which distinguishes EFX from other FGF21 analogs.

EFX is designed to overcome the limitations of native FGF21 as a therapeutic

EFX has been engineered to retain balanced agonism across FGFR1c, FGFR2c and FGFR3c. Specifically, EFX delivers: (1) protection against proteolysis and reduced renal clearance, (2) a half-life of approximately 3 days, (3) lower susceptibility to aggregation in solution and (4) enhanced binding affinity for β Klotho. These attributes are accomplished through a combination of three amino acid substitutions in the FGF21 protein sequence and fusion to a human IgG1 Fc-domain similar to the platform used for Enbrel and Trulicity. As illustrated in the figure below, each EFX molecule consists of two Fc-FGF21 molecules linked by two disulfide bridges. The N-terminus of the FGF21 moiety is connected to the Fc portion of EFX through a polyglycine-serine linker. Our patents include claims directed to Fc fusion with a recombinantly modified FGF21 as well as claims directed to an FGF21 polypeptide comprising combinations of point mutations at positions 98, 171 and 180 of mature human FGF21. Pharmacokinetic modeling based on analysis of intact, active EFX in human serum after weekly administration of EFX for 16-24 weeks in the Phase 2a BALANCED and Phase 2b HARMONY studies indicates steady-state exposure is attained between weeks 4 and 8. More than a two-fold increase in exposure to EFX is observed for 50mg relative to 28mg despite a less-than-two-fold increase in dose. Subsequent analysis of SYMMETRY data indicates a similar relationship.

Protein engineering of EFX



Based on recent in vitro analysis as well as the robust results of clinical trials evaluating EFX, we believe the bivalent structure of EFX, with two FGF21 monomers covalently linked via the disulfide bridges of the Fc fragment, may confer a longer duration of pharmacological activity relative to analogs of FGF21 based on single chain configurations. The bivalent configuration of EFX was associated with a 100-fold greater affinity of EFX for β Klotho than corresponding single chain configurations.

EFX maintains balanced agonism of FGFR1c, FGFR2c and FGFR3c to mimic native FGF21

EFX was designed through an empirical process that incorporated in vitro and in vivo measurements of receptor agonism to assess which of many tested discovery candidates yielded the most attractive drug properties. EFX was selected for clinical evaluation over other potential candidates, which included a proprietary PEGylated FGF21 analog and two versions of a two-point mutation Fc-fusion protein known as RG (with mutations at positions 98 and 171, but not 180), one of which had the Fc fused to the C-terminus while the other had it fused to the N-terminus of the modified FGF21. Among the candidates tested, in vitro assays showed EFX to be the most potent agonist for each of FGFR1c, FGFR2c, and FGFR3c with potency comparable to recombinantly expressed human FGF21.

In vitro receptor agonism assays based on recombinant cell lines expressing human receptors do not necessarily predict in vivo pharmacological activity in humans. Because distribution of FGF21's receptors is tissue-dependent, the in vivo activity of EFX against different receptors can be evaluated in clinical studies using tissue-specific markers. For example, activation of FGFR1c expressed in adipose tissue results in secretion of adiponectin and higher serum adiponectin levels. Likewise, activation of FGFR2c, which appears to be the most highly expressed FGF21 receptor in the liver, appears to be associated with reduced secretion of apolipoprotein-B, or Apo-B. On a placebo-adjusted basis among patients treated with 50mg EFX, across 5 clinical trials of 12- 96 weeks in duration, levels of adiponectin increased by more than 50% and Apo-B decreased by 10-20%.

The effects observed in clinical trials with EFX contrast with observations from clinical trials evaluating certain pegylated or glycopegylated FGF21 analogs, which we believe may be attributed to the potential for pegylated proteins to accumulate in the liver. For example, each of two pegylated FGF21 analogs for which results have been reported publicly have shown smaller reductions in triglycerides (which are largely carried on Apo-B-containing particles) and smaller increases in adiponectin than reported for 50mg EFX. We believe the unique and proprietary engineering of EFX, including its targeted amino acid substitutions and Fc fusion scaffold, as described above, may be responsible for the differentiated clinical effects observed after treatment with EFX compared with other pegylated FGF21 analogs.

EFX exerts both metabolic and anti-fibrotic effects

We believe intervening across the core processes underlying MASH pathogenesis is the most effective way to restore health to the liver and reduce the risk of cardiovascular disease associated with MASH, which is the leading contributor to mortality and morbidity. By mimicking FGF21, EFX has the potential to intervene in each of the core processes underlying MASH pathogenesis, acting as both a metabolic and anti-fibrotic therapeutic agent. EFX acts to leverage whole-body metabolism to redirect calories away from the liver to peripheral tissues, including adipose tissue, thereby reducing fat deposited in the liver and ultimately decreasing the rate of fat oxidation by the liver. Through this activity, EFX reduces fibrosis both indirectly, as a result of alleviating hepatocyte stress, and directly, by suppressing local inflammation and activation of collagen-secreting myofibroblasts that lay down fibrotic tissue.

Phase 3 Evaluation of EFX

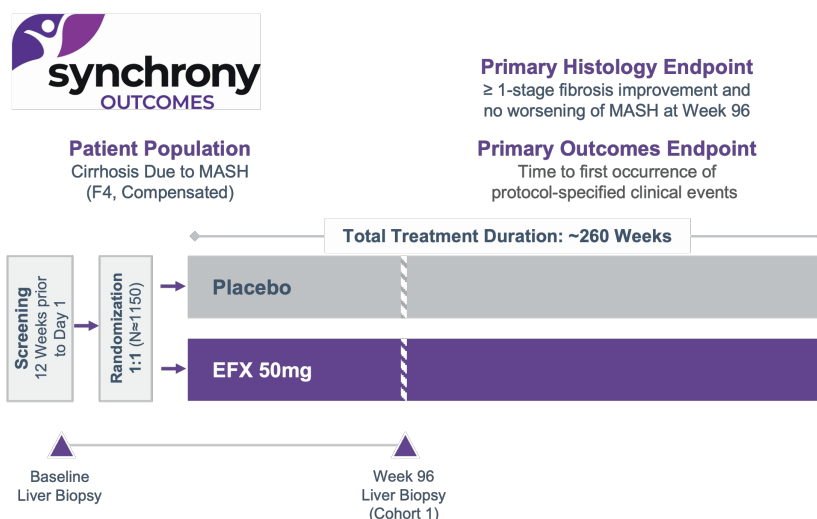
Enrollment for a multi-trial, global Phase 3 program called SYNCHRONY began in the fourth quarter of 2023. The Phase 3 SYNCHRONY program consists of three randomized, placebo-controlled trials: SYNCHRONY *Outcomes*, SYNCHRONY *Histology*, and SYNCHRONY *Real-World*. The comprehensive SYNCHRONY program (N ~3,500) builds on two biopsy-based Phase 2b studies (N ~300) in corresponding patient populations.

SYNCHRONY *Outcomes* is a two-cohort trial evaluating treatment with EFX in approximately 1,150 patients with compensated cirrhosis (F4), Child-Pugh Class A, due to MASH. Patients are receiving weekly injections of either EFX 50mg or placebo. The primary histology endpoint, for Cohort 1 only, is the proportion of patients experiencing \geq 1-stage improvement in fibrosis and no worsening of steatohepatitis after 96 weeks of treatment. The primary outcomes endpoint for all patients enrolled across Cohort 1 and Cohort 2 is the time from randomization to first occurrence of any protocol-specified clinical event.

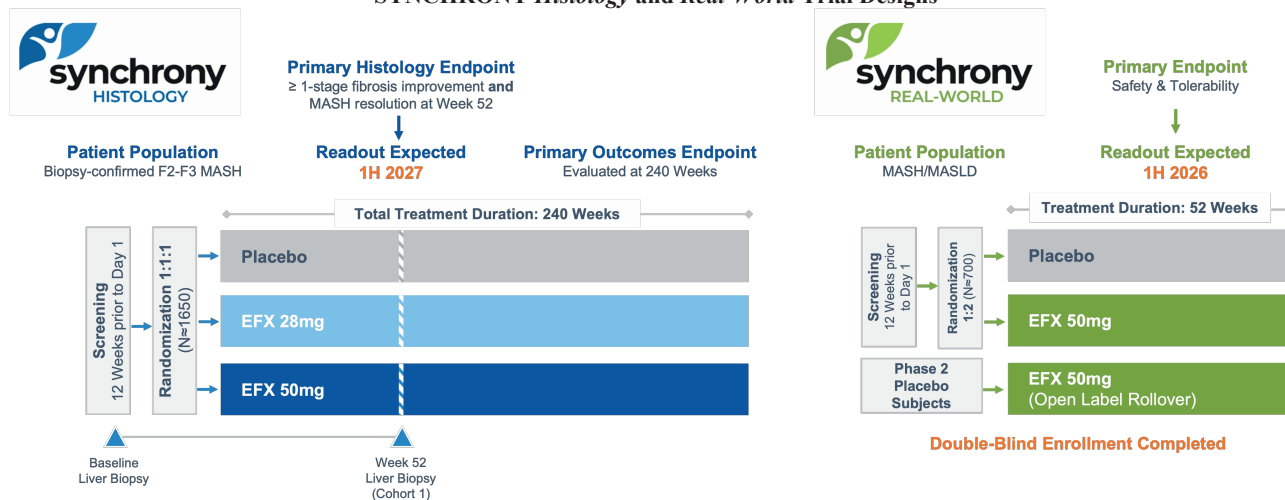
SYNCHRONY *Histology* is a two-cohort trial evaluating EFX in the treatment of approximately 1,650 patients with pre-cirrhotic MASH, fibrosis stage 2 or 3 (F2-F3). Patients are receiving weekly injections of 28mg EFX, 50mg EFX, or placebo. The primary histology endpoint, for Cohort 1 only, to support an application for accelerated approval, is the proportion of patients experiencing \geq 1-stage fibrosis improvement and resolution of MASH after 52 weeks of treatment. All patients in Cohort 1 and Cohort 2 will be evaluated for long-term clinical outcomes for up to 240 weeks of treatment. Results for the 52-week primary histology endpoint from the SYNCHRONY *Histology* trial are expected in the first half of 2027.

SYNCHRONY *Real-World* is evaluating EFX in the treatment of approximately 700 patients with fibrosis stages 1 through 4, compensated (F1-F4, compensated), including up to 100 patients in an open-label rollover of placebo patients from the Phase 2b HARMONY and SYMMETRY studies who are being treated with 50mg EFX. The primary endpoint of safety and tolerability is being assessed after 52 weeks of treatment. Enrollment of the double-blind portion of SYNCHRONY *Real-World* (N=601) was completed in January 2025. Results from the SYNCHRONY Real-World trial are expected in the first half of 2026.

SYNCHRONY Outcomes Trial Design



SYNCHRONY Histology and Real-World Trial Designs



In all EFX Phase 3 studies, patients are self-administering EFX using the LyoJect 3S dual chamber syringe, a pre-filled device intended for commercial use in the event EFX is approved for marketing. This optimized formulation delivers blood levels of EFX comparable to those of the liquid formulation used in prior clinical studies.

Phase 2b Evaluation of EFX

Our Phase 3 SYNCHRONY program evaluating EFX for treatment of pre-cirrhotic and cirrhotic MASH builds on the results of two separate 96-week Phase 2b studies, the SYMMETRY study in patients with compensated cirrhosis (F4) due to MASH and the HARMONY study in patients with pre-cirrhotic MASH (F2-F3).

Biopsy Analysis in Phase 2b HARMONY and SYMMETRY Studies

Consistent with FDA recommendations, the HARMONY and SYMMETRY studies evaluate all biopsies using consensus readers. Two independent and cross-trained pathologists score each biopsy for NAS score and fibrosis stage. If there are any differences on any component of pathology scoring, the two pathologists determine if consensus can be reached. In the absence of consensus, a third pathologist would adjudicate between the first two pathologists' scores. Adjudication by a third pathologist was not required because the two principal pathologists achieved consensus on interpretation of all week 24 and week 96 HARMONY and SYMMETRY biopsy samples.

Per applicable FDA guidance regarding endpoints recommended for use in Phase 3 clinical trials, the HARMONY and SYMMETRY studies' primary and key secondary histology endpoints were defined as:

- Proportion of subjects who achieve improvement in liver fibrosis greater than or equal to one stage (MASH CRN fibrosis score) and no worsening of steatohepatitis (defined as no increase in NAS for ballooning, inflammation, or steatosis)
- Proportion of subjects who achieve resolution of steatohepatitis (defined as a NAS score of 0–1 for inflammation, 0 for ballooning, and any value for steatosis) and no worsening of liver fibrosis on MASH CRN fibrosis score.
- Proportion of subjects who achieve improvement in liver fibrosis greater than or equal to one stage and no worsening of steatohepatitis (as defined above).

EFX for Treatment of Compensated Cirrhosis Due to MASH (F4)

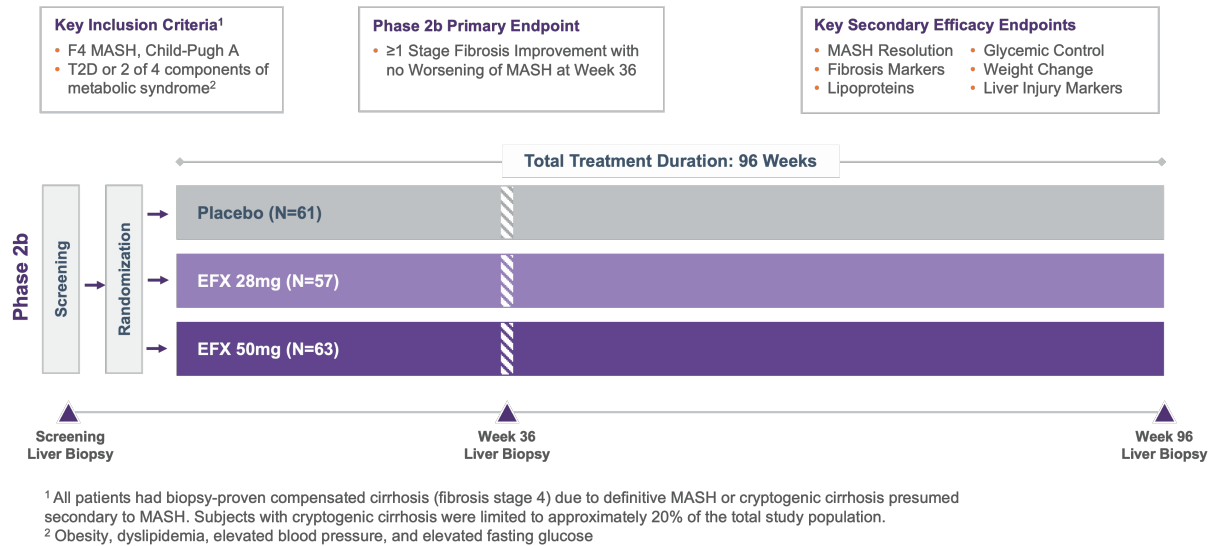
Compensated cirrhosis due to MASH (F4) represents a high unmet medical need. Approximately 50 percent of patients with cirrhosis die within 5 years of diagnosis, absent a liver transplant. The risk of liver-related clinical events such as hospitalization for acute or chronic liver failure or hepatocellular carcinoma, as well as cardiovascular events, is substantially higher for patients with cirrhosis. The FDA has issued draft guidance specific to the development of investigational therapies for patients with cirrhosis due to MASH, who are projected to number more than 3 million patients in the United States by 2030. According to the FDA, the treatment goal for cirrhotic patients is to halt disease progression, thereby preventing clinical decompensation, reducing the incidence of liver transplantation, and improving survival. Published FDA guidance states that long-term clinical outcomes data obtained in Phase 3 trials is required for marketing approval of investigational drugs indicated for treatment of compensated cirrhosis (F4) due to MASH.

A 2020 analysis of pooled data from the STELLAR 4 trial showed reversal of cirrhosis was associated with an 80% reduction in risk of liver-related clinical events, emphasizing the medical benefit to be gained for a therapy that could reverse cirrhosis. Unfortunately, treatments capable of effectively treating cirrhosis due to MASH have proven elusive to date. No compound other than EFX has been shown in clinical trials to statistically significantly reverse cirrhosis.

Phase 2b clinical trial of EFX in patients with compensated cirrhosis (F4) due to MASH

The Phase 2b SYMMETRY study was a 96-week multicenter, randomized, double-blind, placebo-controlled, dose-ranging trial in biopsy-confirmed adult patients with compensated cirrhosis (F4) due to MASH. One hundred eighty-two patients were randomized to receive once-weekly subcutaneous dosing of 28mg or 50mg EFX, or placebo. The study incorporated two timepoints for histological evaluation, at weeks 36 and 96. The primary efficacy endpoint for the study was the proportion of subjects who achieved at least a one-stage improvement in fibrosis without worsening of MASH at week 36. Key secondary endpoints included fibrosis improvement without worsening of MASH and MASH resolution without worsening of fibrosis at week 96 and change from baseline in noninvasive markers of liver fibrosis and liver injury, insulin sensitivity, and lipoproteins at 36 and 96 weeks, as well as measures of safety and tolerability.

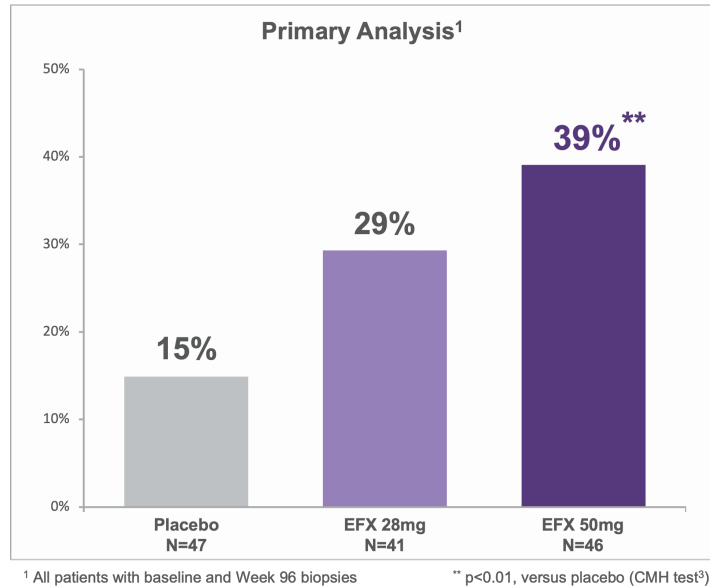
Phase 2b SYMMETRY Study Design



50mg EFX achieved statistical significance over placebo on the secondary histology endpoint of fibrosis improvement without worsening of MASH after 96 weeks of treatment whether by both completer or ITT analyses

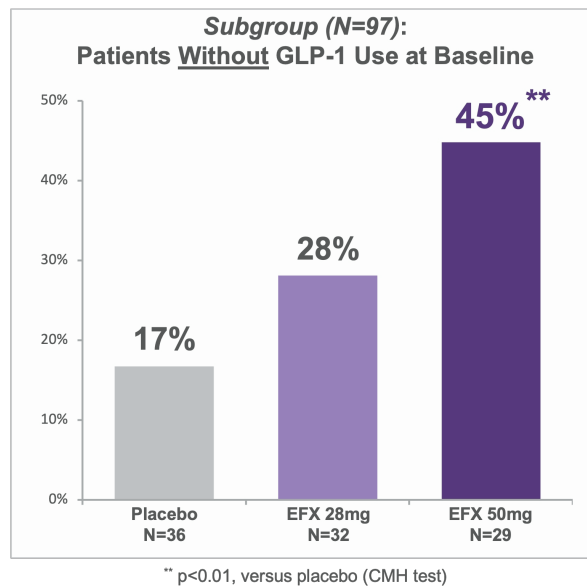
The SYMMETRY trial showed a numerical trend but not statistical significance on the primary endpoint of ≥ 1 stage improvement in fibrosis with no worsening of MASH after 36 weeks of treatment, with 24% and 22% for the 50mg and 28mg EFX dose groups, compared to 14% for the placebo arm. After 96 weeks of treatment, as shown in the chart below, ≥ 1 stage improvement in fibrosis with no worsening of MASH was observed in 39% ($p=0.009$) of patients in the 50mg dose group, compared to only 15 percent for placebo. The 29% response rate for the 28mg EFX group was not significant. Statistical significance for the 50mg EFX group was maintained under ITT analysis, with 29% ($p=0.031$) of patients achieving cirrhosis reversal without worsening of MASH, compared to 12 percent for placebo. Under the conservative approach employed in this ITT analysis, all missing biopsies were treated as failures, as typically used by regulatory authorities. We believe the statistically significant results observed for 50mg EFX after 96 weeks reflected the benefit of longer treatment with EFX, as the numerical trend toward improvement for 50mg EFX at week 36 (24% versus 14% for placebo) improved to statistically significant results with larger magnitudes of treatment effect relative to placebo at week 96 compared to week 36. Given the clear dose-related response, with improvement in fibrosis only statistically significant for 50mg by either completer or ITT analysis, we believe the greater therapeutic activity of 50mg than 28mg is required to achieve reversal of cirrhosis.

Fibrosis Improvement ≥ 1 Stage & No Worsening of MASH at Week 96



GLP-1 use at baseline did not impact reversal of cirrhosis by EFX

Analysis of a subgroup of patients who were reported not to be taking a GLP-1 receptor agonist at baseline (N=97) showed that use of GLP-1 therapy did not impact cirrhosis reversal. The response rate among a subgroup of patients treated with 50mg EFX who were not taking a GLP-1 at baseline was 45% (p=0.009), compared to 17% for placebo. This suggests that reversal of cirrhosis by EFX does not depend on co-administration with GLP-1 therapy.



50mg EFX significantly improved noninvasive markers of liver fibrosis

Treatment with EFX significantly improved two important noninvasive markers of liver fibrosis: ELF and liver stiffness. As shown in the table below, highly significant absolute reductions in ELF of 0.53 (p<0.001) and 0.34 (p<0.001) were observed for 50mg and 28mg EFX, respectively, compared with an increase of 0.22 for placebo. Only the 50mg EFX group was observed to statistically significantly reduce liver stiffness: 24% (p=0.028) compared to an 8%

reduction for placebo. The extent of reduction observed in ELF and liver stiffness for the 50mg EFX group have been shown in prior studies to be associated with reduced progression to end-stage liver disease. In addition, the mean absolute change in liver stiffness for patients treated with 50mg EFX was a reduction of 7.3 kPa, compared to reductions of 6.5 kPa and 5.0 kPa for 28mg EFX and placebo, respectively. We believe the absolute reduction of 7.3 kPa is the largest absolute reduction in liver stiffness reported to date among patients with compensated cirrhosis (F4) due to MASH.

Summary of Week 96 Noninvasive Measures of Liver Fibrosis

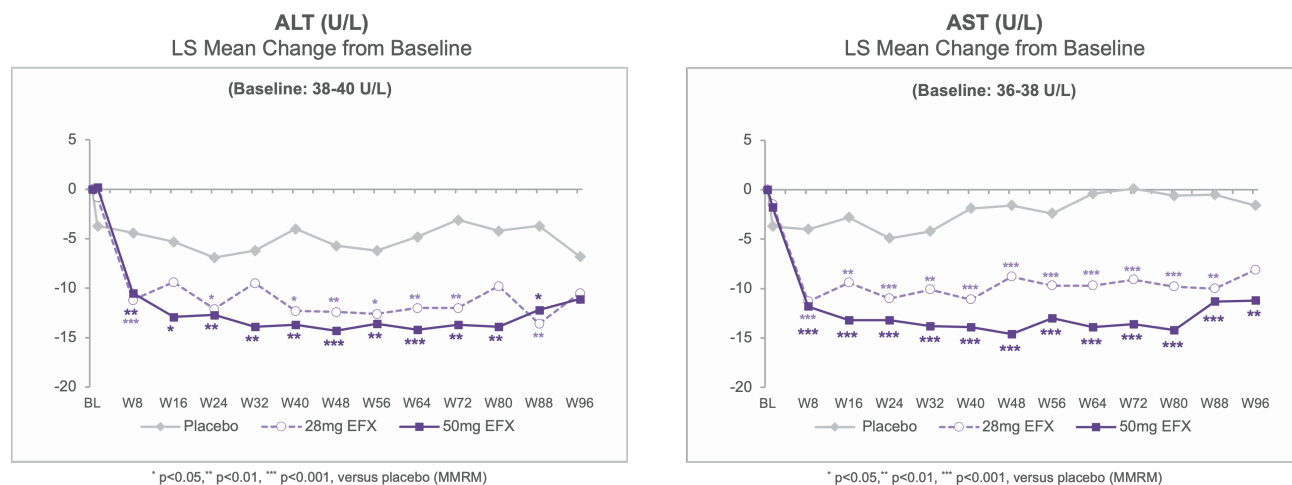
Measure (LS Mean Change from Baseline)	Placebo (n=45-49)	28mg (n=39-41)	50mg (n=46-47)
ELF Score	+0.22	-0.34***	-0.53***
Liver Stiffness by VCTE (FibroScan) (%)	-8%	-18%	-24%*
Liver Stiffness by VCTE (FibroScan) (kPa)	-5.0†††	-6.5†††	-7.3†††

*p<0.05, ***p<0.001, versus placebo (MMRM); †††p<0.001, versus baseline (MMRM)

Additional analysis of liver stiffness showed that 70% of patients treated with 50mg EFX (CMH test p=0.017, versus placebo) experienced at least a 25% relative reduction in liver stiffness, compared to 61% and 47% for 28mg EFX and placebo, respectively.

EFX improved markers of liver injury

Levels of ALT and AST were statistically significantly reduced by week 8 for patients treated with 50mg EFX, with reductions largely sustained throughout the 96-week treatment duration.



50mg EFX improved lipoprotein profile and insulin sensitivity

As summarized in the table below, treatment with EFX was associated with statistically significant improvements in measures of lipoprotein profile and insulin sensitivity. We believe a more healthy whole-body metabolic profile is important to establishing an environment conducive to hepatocytes regaining functional capacity as cirrhosis is reversed.

Summary of Week 96 Cardio-Metabolic Biomarkers

Measure (LS Mean Change from Baseline)	Placebo (N=48-49)	28mg (N=40-41)	50mg (N=45-47)
Triglycerides (mg/dL)	-3	-27	-33*

Non-HDL Cholesterol (mg/dL)	-10	-19	-21*
HDL Cholesterol (mg/dL)	-2	+6**	+9***
HOMA-IR	+1.6	-3.4*	-4.1**
C-Peptide (%)	-1	-13	-18*
Adiponectin (%)	+8	+32	+69***

*p<0.05, **p<0.01, ***p<0.001, versus placebo (MMRM)

EFX was generally well-tolerated in the SYMMETRY study

EFX was generally well-tolerated in the SYMMETRY study. There were no deaths with EFX treatment, but one death prior to week 36 occurred in a placebo patient who developed pneumonia. There were 41 serious adverse events, or SAEs, reported over the full 96 weeks of treatment. None of the SAEs were determined to be drug-related by the clinical investigators. The reported SAEs generally reflect the advanced disease status of these patients carrying multiple comorbidities. A total of 19 patients were discontinued due to treatment-emergent AEs (two in placebo, six in the 28mg group and 11 in the 50mg group). Only three of these discontinuations occurred from weeks 37 to 96. Two of these discontinuations were due to cirrhosis-related disease progression: ascites (28mg EFX group) and hepatic encephalopathy (50mg EFX group). The one additional discontinuation from weeks 37 to 96 was due to diarrhea (50mg EFX group). The most frequent adverse events were mainly transient, mild to moderate diarrhea and nausea.

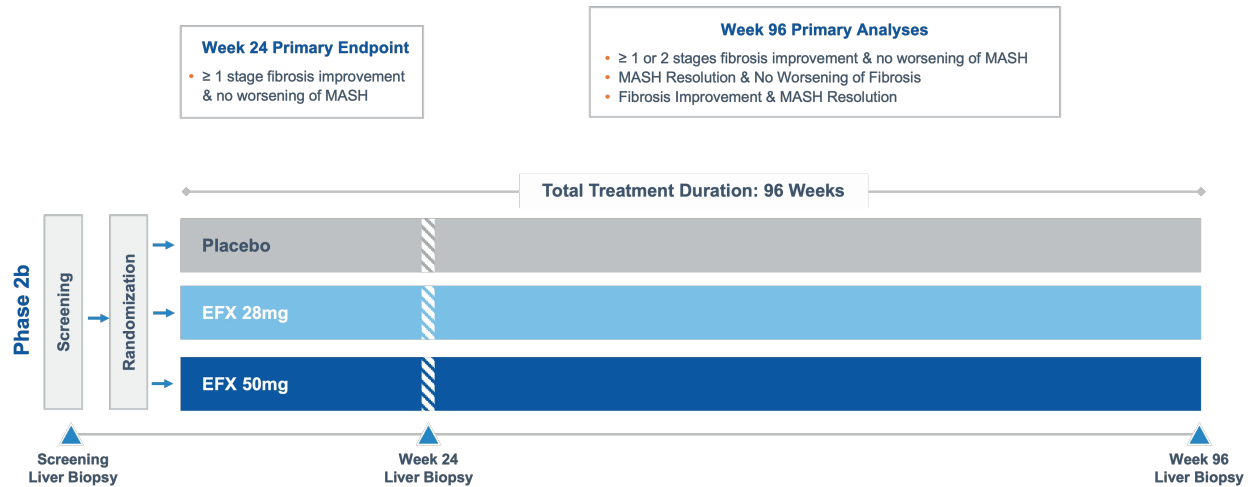
Forty-three percent and 41% of 50mg EFX and placebo patients, respectively, had osteopenia at baseline, but only 3% and 7%, respectively, were treated with bisphosphonates. Against this backdrop, bone mineral density, adjusted for placebo, declined to a small but significant extent for the 50mg EFX group: 5% for the lumbar spine and femoral neck (hip) regions over 96 weeks of treatment, or 2-3% per year. For context, treatment with a diabetic dose of GLP-1 was recently reported to be associated with about a 2% reduction in bone mineral density over one year. Importantly, after nearly two years of EFX treatment, there was an equal number of fractures in the 50mg and placebo groups. Overall, we consider these effects to be mild and manageable. Accordingly, we are monitoring for bone health at entry into our Phase 3 SYNCHRONY program and ensuring adherence to a consistent standard of care.

There were no statistically significant changes observed for ECGs, heart rate or blood pressure for the 50mg EFX group at week 96. Reductions of about 2% in body weight were observed for both the 50mg EFX and placebo groups. Markers of liver function and hemostasis, including bilirubin, MELD score, INR, platelet count, albumin and Child-Pugh score remained stable or trended toward slight improvement for the 50mg EFX group.

Phase 2b HARMONY Study in Patients with Pre-Cirrhotic MASH (F2-F3)

The Phase 2b HARMONY study was a 96-week multicenter, randomized, double-blind, placebo-controlled, dose-ranging trial in biopsy-confirmed adult patients with pre-cirrhotic MASH (F2-F3). The study enrolled a total of 128 patients, randomized to receive once-weekly subcutaneous dosing of 28mg or 50mg EFX or placebo. The primary efficacy endpoint for the study was the proportion of subjects who achieved at least a one-stage improvement in fibrosis without worsening of MASH at week 24. Key secondary histology endpoints included MASH resolution without worsening of fibrosis and a composite endpoint of both MASH resolution and fibrosis improvement at weeks 24 and 96, as well as fibrosis improvement without worsening of MASH at week 96. Additional secondary measures included change from baseline in liver fat, markers of liver injury, noninvasive markers of liver fibrosis, glycemic control, lipoproteins, and body weight at 24 and 96 weeks as well as safety and tolerability measures.

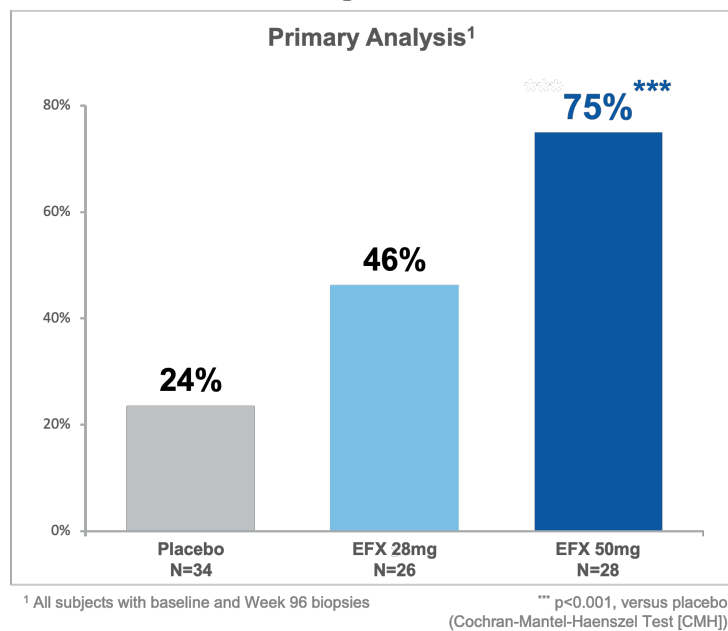
Phase 2b HARMONY Study Design



The 50mg EFX group achieved statistical significance on primary and secondary histology endpoints

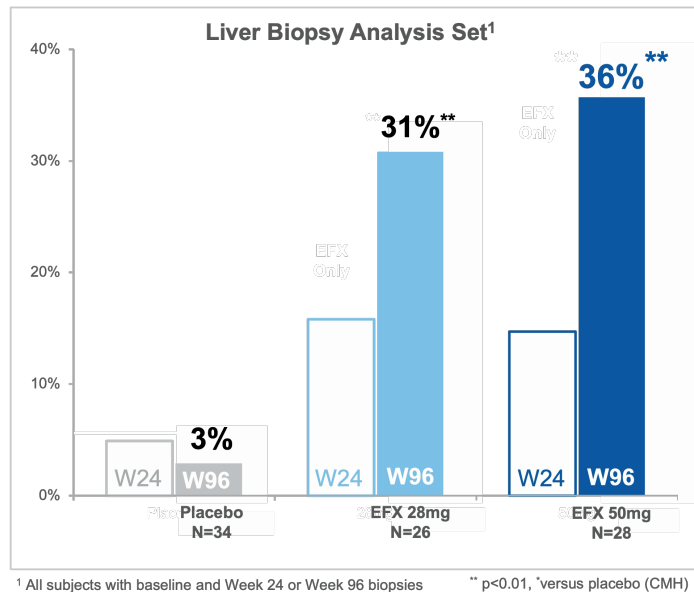
The HARMONY study met its primary endpoint for both the 50mg and 28mg EFX dose groups, with 41% and 39% of EFX-treated patients, respectively, experiencing at least a one-stage improvement in liver fibrosis with no worsening of MASH at week 24, compared with 20% for the placebo arm. Substantially greater improvements were observed at week 96 for 50mg than 28mg EFX, with the response rate increasing from 41% to 75% ($p < 0.001$) for 50mg EFX compared to 24% for placebo. Although the response rate increased for 28mg EFX from 39% to 46%, the result was not statistically significantly different from placebo.

Fibrosis Improvement ≥ 1 Stage & No Worsening of MASH at Week 96



The study also met additional histology endpoints at week 96. Notably, 36% ($p < 0.001$) and 31% ($p = 0.002$) of patients treated with 50mg EFX and 28mg EFX experienced a 2-stage improvement in fibrosis without worsening of MASH—which was more than 10-fold the placebo rate of 3%.

Fibrosis Improvement 2 Stages & No Worsening of MASH, Weeks 24 and 96



Results for several histological endpoints are summarized in the table below, based on either the primary analysis (patients with baseline and week 96 biopsies) or intent-to-treat, or ITT, analysis (all randomized and dosed patients, with missing biopsies treated as failures).

Summary of Week 96 Histology Endpoints

Histology Endpoint ³ (Proportion of Patients)	Primary Analysis ¹			ITT Analysis ²		
	Placebo (N=34)	28mg (N=26)	50mg (N=28)	Placebo (N=43)	28mg (N=40)	50mg (N=43)
≥1 stage fibrosis improvement without worsening MASH (%)	24	46	75***	19	30	49**
≥2 stage fibrosis improvement without worsening MASH (%)	3	31**	36***	2	20**	23**
Resolution of MASH without worsening of fibrosis (%)	24	62**	57**	19	40*	37*
MASH resolution AND ≥1 stage fibrosis improvement(%)	9	42**	54***	7	28**	35**

¹ All patients with baseline and week 96 biopsies

² All randomized and dosed patients, with missing biopsies treated as failures

³ Biopsy scored independently by two pathologists; third available to adjudicate (which was not required)

* p<0.05, ** p<0.01, *** p<0.001, versus placebo (Cochran-Mantel-Haenszel test ("CMH"))

The placebo-adjusted effect size on fibrosis improvement without worsening of MASH (EFX response rate minus placebo response rate) more than doubled between week 24 and week 96 for the 50mg EFX group, with a slight increase observed for the 28mg EFX group. Specifically, the placebo-adjusted effect sizes for fibrosis improvement without worsening of MASH grew from 21% to 52% between week 24 and week 96 for 50mg EFX and from 20% to 22% for 28mg EFX. Highly statistically significant results for 50mg EFX at week 96 are notable because (1) the study was not fully powered at week 96 and (2) the placebo rate increased rather than decreased. An increase in treatment rate for placebo means that the increases in effect size are attributable to higher EFX treatment responses rather than a decline in placebo rate.

Analysis of the evolution of responses between weeks 24 and 96 indicated not only broadening fibrosis improvement without worsening of MASH but also sustained response, particularly following treatment with 50mg EFX. Among those patients with available week 96 biopsies whose fibrosis improved at week 24, 92% and 83% of

the 50mg and 28mg EFX groups remained responders, respectively, compared to 40% for placebo. In addition, among patients with available week 96 biopsies who were not fibrosis responders at week 24, 63% of 50mg EFX patients were responders at week 96, compared with 14% and 21% for 28mg EFX and placebo, respectively.

Summary of Breadth and Durability of Treatment Response for ≥ 1 Stage Fibrosis Improvement Without Worsening of MASH

Sustained ¹ vs. New ² Response Among Week 96 Responders	Placebo (N=34)	28mg (N=26)	50mg (N=28)
All week 96 responders, n (%)	8 (24%)	12 (46%)	21 (75% ^{***})
Sustained response at week 96, n (%) ³	2 (6%)	10 (38%)	11 (39%)
New response at week 96, n (%) ³	6 (18%)	2 (8%)	10 (36%)
Proportion of week 24 responders with sustained response, n (%) ³	2 of 5 (40%)	10 of 12 (83%)	11 of 12 (92%)
Proportion of week 24 non-responders with new response, n (%) ³	6 of 29 (21%)	2 of 14 (14%)	10 of 16 (63%)

¹ Sustained response refers to patients who were responders at week 24 and remained responders at week 96

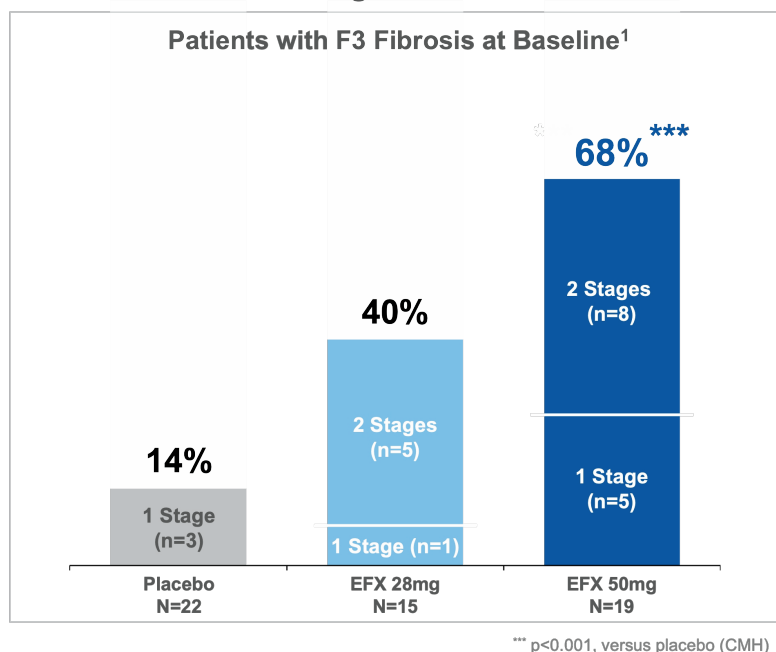
² New response refers to patients who were non-responders at week 24 but became first-time responders at week 96

³ Not analyzed for statistical significance

*p<0.05, ***p<0.001, versus placebo (MMRM)

Analysis of a subset of patients with baseline F3 fibrosis who had week 96 biopsies showed EFX's potential to treat patients with more advanced fibrosis, who are generally considered to be at higher risk of progression to cirrhosis. For this advanced F3 patient population, 68% (p<0.001) and 40% of the 50mg and 28mg EFX groups, respectively, experienced at least a one-stage improvement in fibrosis without worsening of MASH, compared to 14% for placebo.

Fibrosis Improvement ≥ 1 Stage & No Worsening of MASH at Week 96



EFX significantly improved noninvasive markers of liver fibrosis and liver injury

Treatment with EFX significantly improved three important noninvasive markers of liver fibrosis, Pro-C3, ELF and liver stiffness. As shown in the table below, significant absolute reductions in ELF of 0.8 and 0.7 were observed for 50mg and 28mg EFX, respectively, compared with a 0.1 decrease for placebo. Statistically significant reductions of -7.2 and -4.0 in liver stiffness were also observed for the 50mg and 28mg EFX groups, respectively, compared with a 0.6 reduction for placebo. The levels of reduction observed for ELF and liver stiffness for the 50mg EFX group have been associated in prior studies with reduced progression to end-stage liver disease. Only the 50mg EFX group was observed to have a statistically significant improvement in Pro-C3. Both EFX groups were observed to significantly reduce ALT and AST, two noninvasive measures of liver injury.

Summary of Week 96 Changes in Key Noninvasive Measures of Liver Fibrosis and Injury

Measure (LS Mean Change from Baseline to Week 96)	Placebo (N33-35)	28mg (N=27)	50mg (N=25-28)
ELF Score	-0.1	-0.7**	-0.8**
Liver Stiffness	-0.6	-4.0*	-7.2***
Pro-C3 (µg/L)	-17	-40	-51**
ALT (%)	-10	-44***	-37**
AST (%)	-4	-30*	-38**

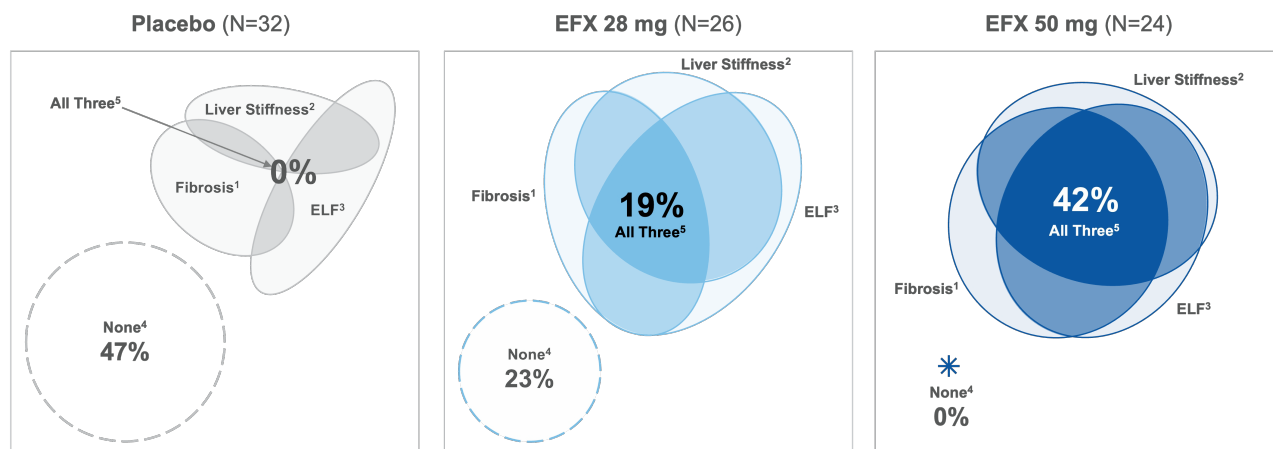
*p<0.05, **p<0.01, ***p<0.001, versus placebo (MMRM)

Overlap of imaging and circulating biomarkers of fibrosis corroborate conventional histopathology observations

The Venn diagrams below present an analysis of the degree of overlap (congruence) for two non-invasive measures of liver fibrosis: liver stiffness and ELF score, with each other and with improvement in fibrosis by conventional histopathology for each of placebo, 28mg and 50mg EFX groups. The areas shown for each dose group correspond to the proportion (%) of responders for each of the parameters. For liver stiffness, patients are responders if they show at least a 30% reduction by Fibroscan. For ELF, patients are responders if their ELF score decreases by at least 0.5. For conventional histopathology, patients are responders if they show at least a one-stage improvement in fibrosis without worsening of MASH.

A clear dose -response is evident by this analysis, with 0% of placebo patients meeting the overlapping response definitions combining liver stiffness, ELF and fibrosis improvement, compared with 19% and 42% for 28mg and 50mg EFX. An inverse dose-response is evident for the proportion of patients who did not meet the responder definition for any of the parameters: 47% for placebo compared with 19% and 0% for 28mg and 50mg EFX groups, respectively. The relative absence of overlapping response for placebo suggests that a substantial proportion of the fibrosis improvement observed for placebo by conventional histopathology is due to variability in tissue sampling. By contrast, the comparatively high congruence between conventional histopathology and noninvasive fibrosis markers observed in the EFX groups, particularly for 50mg EFX, reflects a substantial degree of fibrosis regression that cannot be attributed simply to variability in tissue sampling.

Overlap of Imaging and Circulating Biomarkers of Fibrosis with Conventional Histopathology



¹ Proportion with **histological fibrosis response** (improvement ≥ 1 stage without MASH worsening); ² Proportion with **liver stiffness response** ($\geq 30\%$ reduction by FibroScan [VCTE]); ³ Proportion with **ELF response** (≥ 0.5 reduction in ELF Score); ⁴ None: Proportion without any of fibrosis improvement, liver stiffness response, or ELF response; ⁵ All Three: proportion with fibrosis improvement, liver stiffness response, and ELF response

Areas, including overlaps, are proportional to response percentage

50mg EFX statistically significantly improved lipoprotein profile and insulin sensitivity

As summarized in the table below, treatment with EFX was associated with statistically significant improvements in measures of lipoprotein profile and insulin sensitivity. We believe a more healthy whole-body metabolic profile is important to establishing an environment conducive to hepatocytes regaining functional capacity as fibrosis regresses in the liver of patients with pre-cirrhotic MASH (F2-F3).

Summary of Week 96 Cardio-Metabolic Biomarkers

Measure (LS Mean Change from Baseline)	Placebo (N=34-35)	28mg (N=25-28)	50mg (N=26-27)
Triglycerides (%)	+8	-15***	-20***
Non-HDL Cholesterol (%)	+3	-2	-2
HDL Cholesterol (%)	+5	+18*	+27***
HOMA-IR (%)	+7	-11	-33%**
C-Peptide (%)	+8	-2	-20**
Adiponectin (%)	+17	+28	+63**

*p<0.05, **p<0.01, ***p<0.001, versus placebo (MMRM)

EFX was generally well-tolerated in the HARMONY study

EFX was reported to be generally well-tolerated. There were no deaths. Fifteen serious adverse events were reported, which were generally balanced across dose groups. Across both EFX groups, the most frequent adverse events, or AEs, were grade 1 or 2 gastrointestinal events (diarrhea, nausea, and increased appetite), which were transient in nature. A total of three patients treated with EFX discontinued due to AEs between week 24 and week 96 (two in the 28mg group and one in the 50mg group), compared with none for placebo.

Evaluation of EFX in combination with GLP-1 therapy in patients with pre-cirrhotic MASH

The Phase 2b SYMMETRY study included an expansion cohort, known as Cohort D, evaluating administration of EFX to patients with type 2 diabetes who are already being treated with GLP-1 receptor agonist, or GLP-1, therapy. Approximately two-thirds of patients with F2 or F3 MASH, and roughly three-quarters of patients with compensated

cirrhosis due to MASH, also have type 2 diabetes. Given the increasing use of GLP-1 for treatment of patients, we expect that many patients who could be eligible for treatment with EFX, if approved, may receive GLP-1 therapy. Cohort D was designed to assess whether EFX could be added in patients with MASH who are already being treated with GLP-1 for type 2 diabetes.

Cohort D enrolled a total of 32 patients with type 2 diabetes and F1-F3 liver fibrosis due to MASH. Approximately two-thirds of randomized patients were on a stable dose of GLP-1 for more than one year; all patients were on a stable dose for at least three months.

The study met the primary endpoint, with the safety and tolerability of EFX dosed to patients in combination with a GLP-1 therapy broadly comparable to that of placebo-treated patients receiving a GLP-1 therapy alone. There were no deaths in the study. No patients were reported to have a drug-related SAE. One patient discontinued due to nausea related to treatment with EFX. Consistent with previous evaluations of EFX, gastrointestinal events were the most frequent AEs. The overall tolerability profile was similar observations with EFX in other Phase 2 studies. Diarrhea was slightly more frequent in the GLP-1 alone group than the EFX combined with GLP-1 group, while nausea was slightly more frequent in the combined group than for GLP-1 alone. While both treatment groups reported decreased appetite, more EFX-treated patients reported increased appetite. However, a mean reduction in body weight was observed for EFX-treated patients despite reports of increased appetite. No new safety signals were evident.

In addition, on key non-invasive measures of liver injury and fibrosis, EFX combined with GLP-1 therapy was more effective than GLP-1 alone, in most cases with statistical significance despite the modest study size. Likewise, glycemic control and lipid profiles were improved more by the combination of EFX with GLP-1 than GLP-1 alone.

The tables below summarize multiple secondary and exploratory endpoints.

Summary of Week 12 Changes in Liver Fat

Measure	Placebo (N=10)	EFX 50mg (N=16)
Hepatic Fat Fraction (MRI-PDFF) (%), LS Mean Relative Change from Baseline	-10	-65***
Proportion of patients achieving $\geq 50\%$ Relative Reduction in Liver Fat (%)	0	88***
Proportion of patients with Normalized ($\leq 5\%$) Liver Fat (%)	10	88***

***p<0.001, versus placebo (ANCOVA)

Summary of Week 12 Noninvasive Measures of Liver Injury & Fibrosis

Measure (LS Mean Change from Baseline)	Placebo (N=10)	EFX 50mg (N=16)
ALT (UL)	-1.0	-10*
Pro-C3 ($\mu\text{g/L}$) (Generation 2 ELISA)	-2.7	-5.2††
ELF Score	+0.1	-0.6**
Liver Stiffness by FibroScan (kPa)	-1.1	-3.0†††

*p<0.05, **p<0.01, versus placebo; ††p<0.01, †††p<0.001, versus baseline (ANCOVA)

Summary of Week 12 Cardio-Metabolic Biomarkers

Measure (LS Mean Change from Baseline)	Placebo (N=58)	EFX 50mg (N=50)
HbA1C (% absolute)	-0.2	-0.5 ^{†††}
Non-HDL Cholesterol (%)	-6.8	-19 ^{†††}
Triglycerides (%)	-4.1	-42 ^{***}
HDL Cholesterol (%)	+2.5	+38 ^{***}
LDL Cholesterol (%)	-6.1	-8.0
Body Weight (kg)	-0.8	-1.2

^{**}p<0.01, ^{***}p<0.001, versus placebo; [†]p<0.05, ^{††}p<0.01, ^{†††}p<0.001, versus baseline (ANCOVA)

Exclusive license agreement with Amgen Inc.

In June 2018, we entered into an exclusive license agreement with Amgen Inc., or Amgen, pursuant to which we have been granted an exclusive, royalty-bearing license to certain intellectual property rights owned or controlled by Amgen, to commercially develop, manufacture, use, distribute and sell therapeutic products, or Products. In particular, we have been granted licenses under patents filed in both the United States and foreign jurisdictions that are owned or controlled by Amgen, including an exclusive license under certain patents claiming polypeptides comprised of an FGF21 portion with certain point mutations, a linker, and an Fc domain. Our exclusively licensed patents include, but are not limited to, the composition of EFX and methods of using the same. In connection with the license, Amgen also licensed and transferred to us certain know-how related to the manufacture of EFX as well as certain quantities of EFX drug substance manufactured to Good Manufacturing Practices, or GMP, for clinical use, master cell bank, not-for-human use EFX drug product suitable for nonclinical studies and critical reagents.

Pursuant to the terms of the license agreement, we must use commercially reasonable efforts to develop and commercialize a Product in each of several major market territories. In addition, Amgen provided us, at its expense, consulting support in connection with the transfer of the licensed materials and the exploitation of the Products. We are also entitled to sublicense the rights granted to us under the license agreement.

As initial consideration for the license, we paid Amgen an upfront payment of \$5.0 million and also issued 2,653,333 shares of our Series A preferred stock to Amgen at the time of the initial closing in June 2018 with a subsequent 3,205,128 shares of our Series A preferred stock issued at the time of the second closing in November 2018, representing 10% of total shares outstanding at such times. In August 2019 we made an additional payment of \$2.5 million in connection with dosing the first patient in our Phase 2a clinical trial, which was the first development milestone under the license agreement. In December 2023, we paid Amgen \$7.5 million in connection with dosing the first patient in our Phase 3 SYNCHRONY program. As additional consideration for the license, we are obligated to pay Amgen up to \$30.0 million in connection with marketing approvals, and aggregate milestone payments of up to \$75.0 million upon the achievement of specified commercial milestones for all products licensed under the Amgen Agreement. No commercial milestones have been achieved to date under the license agreement. We are also required to pay tiered royalties of low to high single-digit percentages on annual net sales of the products covered by the license. The royalty rate with respect to the net sales is subject to customary reductions, including in the event that the exploitation of a Product is not covered by a valid claim with the licensed patent rights. The royalty term will terminate on a country-by-country basis on the later of (i) the expiration date of the last valid claim within the licensed patent rights, (ii) the loss of regulatory exclusivity in such country, and (iii) the tenth anniversary of the first commercial sale of such product in such country.

The license agreement shall expire upon the expiration of the last-to-expire royalty term for the Products in the territory. Upon expiration of the license agreement, the licenses granted to us shall be considered fully paid-up, irrevocable and non-exclusive. Either we or Amgen may terminate the license agreement if the other party commits a material breach of the agreement or defaults in the performance thereunder and fails to cure that breach within 90 days (or 30 days in the case of failure to make any payment as and when due under the agreement) after written notice is provided or in the event of bankruptcy, insolvency, dissolution or winding up. Amgen shall have the right to terminate

the license agreement in full upon written notice to us in the event we, our affiliates or sublicensees, directly challenge the patentability, enforceability or validity of any licensed patents, unless, in the event of a sublicensee challenge, we terminate the sublicense within 60 days' notice. We shall have the right to terminate the license agreement within 90 days written notice to Amgen if we conclude, due to scientific, technical, regulatory or commercial reasons, that the exploitation of the Products is no longer commercially practicable.

Intellectual property

Our success depends in part upon our ability to protect our core technology and intellectual property. To protect our intellectual property rights, we rely on patents, trademarks, copyrights and trade secret laws, confidentiality procedures, and employee disclosure and invention assignment agreements. Our intellectual property is critical to our business and we strive to protect it through a variety of approaches, including by obtaining and maintaining patent protection in the United States and internationally for our product candidates, novel biological discoveries, new targets and applications, and other inventions that are important to our business. For our product candidates, we generally intend to pursue patent protection covering compositions of matter, methods of making and methods of use, including combination therapies. As we continue the development of our product candidates, we intend to identify additional means of obtaining patent protection that would potentially enhance commercial success, including through claims covering additional methods of use and biomarkers and complementary diagnostic and/or companion diagnostic related claims. As of February 14, 2024, we have licensed from Amgen Inc. approximately 209 issued patents and 14 pending patent applications worldwide. There are currently no pending U.S. provisional patent applications licensed from Amgen.

As of February 14, 2024, our patent portfolio relating to EFX includes 14 issued U.S. patents, one pending U.S. patent application, and issued and pending foreign counterpart patents in Europe, Asia, Canada, Australia, and Mexico. Nine issued U.S. patents include claims directed to the EFX product, the FGF21 polypeptide component of the EFX product, nucleic acids encoding the product and related polypeptides, polypeptide multimers, related compositions, and methods of using EFX to, e.g., treat diabetes, lower blood glucose in patients suffering from a metabolic disorder, improve glucose tolerance, lower body weight, or reduce triglyceride levels in patients. These issued U.S. patents are expected to expire in 2029. The pending U.S. patent application and related foreign counterparts are directed to a method of treating a patient with MASH; if issued, the resulting U.S. patent is expected to expire in 2029. We currently anticipate that a composition of matter patent will be eligible for patent term extension to 2034 in the U.S. The portfolio further includes five issued U.S. patents that are directed to related polypeptides and methods of use. International patent applications are pending relating EFX formulations and FGF21 variant multimers. There is a pending U.S. provisional application directed to methods of using EFX to treat liver and lung injury, and a pending U.S. provisional patent application directed to a drug delivery device. A design patent application also has been filed relating to the device.

In addition to patents, we rely upon unpatented trade secrets and know-how and continuing technological innovation to develop and maintain our competitive position. However, trade secrets and know-how can be difficult to protect. We seek to protect our proprietary information, in part, by executing confidentiality agreements with our collaborators and scientific advisors, and non-solicitation, confidentiality, and invention assignment agreements with our employees and consultants. We have also executed agreements requiring assignment of inventions with selected scientific advisors and collaborators. The confidentiality agreements we enter into are designed to protect our proprietary information and the agreements or clauses requiring assignment of inventions to us are designed to grant us ownership of technologies that are developed through our relationship with the respective counterparty. We cannot guarantee, however, that we have executed such agreements with all applicable counterparties, such agreements will not be breached, or that these agreements will afford us adequate protection of our intellectual property and proprietary rights. For more information, see "Risk factors—Risks related to our intellectual property."

Manufacturing and supply

We manage several external commercial manufacturing organizations, or CMOs, to develop and manufacture EFX.

EFX drug substance, or DS, is manufactured by fermentation of a recombinant strain of the bacterium *E. coli*. Product accumulates as insoluble particles (inclusion bodies) within the cells and is recovered by cell disruption, followed by solubilization of the inclusion bodies, protein refolding and three chromatographic separation steps to yield

product with target quality attributes. We have an agreement with Boehringer Ingelheim Biopharmaceuticals GmbH, or Boehringer Ingelheim, to manufacture DS for clinical development and plan in the future to enter into an agreement for commercial supply. Whereas our Phase 2a BALANCED study was supplied by DS acquired by Amgen, our ongoing Phase 3 SYNCHRONY studies are being supplied by DS manufactured by Boehringer Ingelheim. Analysis of the Boehringer Ingelheim GMP DS confirmed it met the same release specification as previously used for Amgen GMP DS and was comparable to Amgen GMP DS across a number of protein characterization studies. Validation of the commercial scale Boehringer Ingelheim DS manufacturing process has been successfully completed.

We have an agreement with Vetter Pharma International GmbH, or Vetter, to manufacture EFX drug product, or DP, for clinical development and plan in the future to enter into an agreement for commercial supply. The GMP DP used for our completed Phase 2b HARMONY and SYMMETRY studies, which was stored as a frozen liquid until immediately before administration to trial subjects, was similar to that for the Phase 2a BALANCED study, which was made from Amgen GMP DS. Analysis of the Vetter Phase 2b GMP DP confirmed that it met the same release specification as previously used for the Phase 2a DP manufactured from Amgen GMP DS.

We are using a lyophilized DP formulation for Phase 3 SYNCHRONY studies and plan to use this formulation as the initial commercial presentation, if EFX is approved. This drug-device combination product, employing Vetter's Lyo-Ject 3S dual-chamber syringe, was selected for convenient subcutaneous self-administration by patients. Manufacturing of the product-device combination by Vetter for Phase 3 clinical trials has been conducted under GMP conditions. Analysis of the Vetter Phase 3 lyophilized GMP DP confirmed that it met the same release specification as previously used for the Phase 2b frozen DP. A Phase 1 biocomparison study, performed before Phase 3 clinical studies commenced, confirmed that plasma levels of the lyophilized Phase 3 DP were comparable to those of the frozen Phase 2b formulation, following a single subcutaneous dose.

Sales and marketing

Successful marketing of a new drug for the treatment of MASH will require a targeted commercial infrastructure, which . We have begun making plans for commercialization in parallel with our ongoing Phase 3 SYNCHRONY program. We intend to develop the commercial infrastructure required for bringing EFX to patients in the United States, if approved. We also plan to evaluate options for delivering EFX, if approved, to patients in other key markets, such as Europe, Japan and China, which may include strategic collaborations.

Competition

The biotechnology industry is intensely competitive and subject to rapid and significant technological change. Our competitors include multinational pharmaceutical companies, specialized biotechnology companies and universities and other research institutions.

We understand that a number of pharmaceutical companies, including AstraZeneca PLC/MedImmune LLC, Boehringer Ingelheim AG, Eisai, Inc., Eli Lilly and Company, GSK plc, Johnson & Johnson, Merck & Co., Inc., Novo Nordisk A/S, Pfizer Inc., Roche Holding AG, and Takeda Pharmaceutical Company Limited, as well as large and small biotechnology companies such as Aligos Therapeutics, Inc., Alnylam Pharmaceuticals, Inc., Altimune, Inc., Amgen, Inc., Arrowhead Pharmaceuticals, Inc., Boston Pharmaceuticals, Inc., Cirius Therapeutics, Inc., Corcept Therapeutics, Inc., D&D Pharmatech, Inc., Eccogene Co., Ltd., 89bio, Galectin Therapeutics Inc., Galmed Pharmaceuticals, Ltd., Hanmi Pharmaceutical Company, Ltd., HighTide Therapeutics, Inc., Inventiva Pharma SA, Ionis Pharmaceuticals, Inc., Madrigal Pharmaceuticals, Inc., MediciNova, Inc., NeuroBo Pharmaceuticals, Inc., North Sea Pharmaceuticals, OrsoBio, Inc., Poxel SA, Regeneron Pharmaceuticals, Inc., Sagimet Biosciences, Inc., Sciwind Biosciences Co., Ltd., Terns Pharmaceuticals, Inc., Viking Therapeutics, Inc. and Zhejiang Doer Biologics Co. Ltd. are or may be pursuing the development or marketing of pharmaceuticals that target MASH. It is also probable that the number of companies seeking to develop products and therapies for the treatment of serious metabolic diseases, such as MASH, will increase. Many of our competitors have substantially greater financial, technical, human and other resources than we do and may be better equipped to develop, manufacture and market technologically superior products. In addition, many of these competitors have significantly greater experience than we have in undertaking nonclinical studies and human clinical trials of new pharmaceutical products and in obtaining regulatory approvals of human therapeutic products. Accordingly, our competitors may succeed in obtaining FDA approval for superior products. Many of our competitors have established distribution channels for the commercialization of their products, whereas we have no such channel or

capabilities. In addition, many competitors have greater name recognition and more extensive collaborative relationships. Smaller and earlier-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies.

Our competitors may obtain regulatory approval of their products more rapidly than we do or may obtain patent protection or other intellectual property rights that limit our ability to develop or commercialize our product candidate or any future product candidates. Our competitors may also develop drugs that are more effective, more convenient, more widely used and less costly or have a better safety profile than our products and these competitors may also be more successful than we are in manufacturing and marketing their products. If we are unable to compete effectively against these companies, then we may not be able to commercialize our product candidate or any future product candidates or achieve a competitive position in the market. This would adversely affect our ability to generate revenue. Our competitors also compete with us in recruiting and retaining qualified scientific, management and commercial personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Government Regulation

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

U.S. biological product development

In the United States, biological products are subject to regulation under the Federal Food, Drug, and Cosmetic Act, or FD&C Act, and the Public Health Service Act, or PHS Act, and other federal, state, local and foreign statutes and regulations. The process required by the FDA before a biological product may be marketed in the United States generally involves the following:

- completion of nonclinical laboratory tests and animal studies performed in accordance with the FDA's Good Laboratory Practice, or GLP, regulation;
- submission to the FDA of an investigational new drug application, or IND, which must become effective before clinical trials may begin and must be updated annually or when significant changes are made;
- approval of a clinical trial protocol and related documentation by an independent Institutional Review Board, or IRB, or ethics committee at each clinical site before the trial may be initiated;
- performance of adequate and well-controlled human clinical trials according to FDA's regulations commonly referred to as Good Clinical Practices, or GCPs, and any additional requirements for the protection of human research subjects and their health information, to establish the safety, purity and potency of the proposed biologic product candidate for its intended use;
- preparation of and submission to the FDA of a Biologics License Application, or BLA, for MA that includes substantive evidence of safety, purity, and potency from results of nonclinical testing and clinical trials;
- satisfactory completion of an FDA Advisory Committee review, if applicable;
- a determination by the FDA within 60 days of its receipt of a BLA to file the application for review;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities where the biological product is produced to assess compliance with current Good Manufacturing Practices, or cGMPs, and to assure that the facilities, methods and controls are adequate to preserve the biological product's identity, strength, quality and purity;
- potential FDA audit of the nonclinical and clinical trial sites that generated the data in support of the BLA in accordance with any applicable expedited programs or designations;
- payment of user fees for FDA review of the BLA (unless a fee waiver applies); and

- FDA review and approval, or licensure, of the BLA to permit commercial marketing of the product for particular indications for use in the United States.

Nonclinical and clinical development

Before testing any biological product candidate in humans, the product candidate enters the nonclinical testing stage. Nonclinical tests, also referred to as nonclinical studies, include laboratory evaluations of product biological characteristics, chemistry, toxicity and formulation, as well as animal studies to assess the potential safety and activity of the product candidate. The conduct of the nonclinical tests must comply with federal regulations and requirements including GLP regulations and requirements.

Prior to beginning the first clinical trial with a product candidate, we must submit an IND to the FDA. An IND is a request for authorization from the FDA to administer an investigational new drug product to humans. The central focus of an IND submission is on the general investigational plan and the protocol(s) for clinical studies. The IND also includes results of the nonclinical tests, including animal and in vitro studies assessing the toxicology, pharmacokinetics, pharmacology, and pharmacodynamic characteristics of the product; chemistry, manufacturing, and controls, or CMC information; and any available human data or literature to support the use of the investigational product. An IND must become effective before human clinical trials may begin. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA places the clinical trial on a clinical hold within the 30-day time period. In such a case, the IND may be placed on clinical hold and the IND sponsor and the FDA must resolve any outstanding concerns or questions before the clinical trial can begin. The FDA also may impose clinical holds on a biological product candidate at any time before or during clinical trials due to, among other considerations, unreasonable or significant safety concerns, inability to assess safety concerns, lack of qualified investigators, a misleading or materially incomplete investigator brochure, study design deficiencies, interference with the conduct or completion of a study designed to be adequate and well-controlled for the same or another investigational drug, insufficient quantities of investigational product, lack of effectiveness, or non-compliance. Accordingly, we cannot be sure that submission of an IND will result in the FDA allowing a clinical trial to begin, or that, once begun, issues or circumstances will not arise that delay, suspend or terminate such studies.

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

A sponsor who wishes to conduct a clinical trial outside of the United States may, but need not, obtain FDA authorization to conduct the clinical trial under an IND. If a foreign clinical trial is not conducted under an IND, the sponsor may submit data from the clinical trial to the FDA in support of a BLA. The FDA may accept a well-designed and well-conducted foreign clinical study not conducted under an IND if the study was conducted in accordance with GCP requirements, and the FDA is able to validate the data through an onsite inspection if deemed necessary.

Clinical trials typically are conducted in three sequential phases that may overlap or be combined:

Phase 1—The investigational product is initially introduced into healthy human subjects. These studies are designed to test the safety, dosage tolerance, absorption, metabolism and distribution of the investigational product in humans, the side effects associated with increasing doses, and, if possible, to gain early evidence on effectiveness. In the cases of some products for severe or life-threatening diseases, especially when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in the targeted patient population.

Phase 2—The investigational product is administered to a limited patient population with a specified disease or condition to evaluate the preliminary efficacy, optimal dosages and dosing schedule and to identify possible adverse side effects and safety risks. Multiple Phase 2 clinical trials may be conducted to obtain information prior to beginning Phase 3 clinical trials.

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

In some cases, the FDA may require, or companies may voluntarily pursue, additional clinical trials after a product is approved to gain more information about the product. These so called Phase 4 studies may be made a condition to approval of the BLA.

During all phases of clinical development, regulatory agencies require extensive monitoring and auditing of all clinical activities, clinical data, and clinical trial investigators. Annual progress reports detailing the results of the clinical trials must be submitted to the FDA. Written IND safety reports must be promptly submitted to the FDA and the investigators for serious and unexpected adverse events, any findings from other studies, tests in laboratory animals or *in vitro* testing that suggest a significant risk for human subjects, or any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure. The sponsor must submit an IND safety report within 15 calendar days after the sponsor determines that the information qualified for reporting. The sponsor also must notify the FDA of any unexpected fatal or life-threatening suspected adverse reaction within seven calendar days after the sponsor's initial receipt of the information. Phase 1, Phase 2 and Phase 3 clinical trials may not be completed successfully within any specified period, if at all. The FDA or the sponsor, acting on its own or based on a recommendation from the sponsor's data safety monitoring board may suspend a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the biological product has been associated with unexpected serious harm to patients.

Concurrent with clinical trials, companies may complete additional animal studies and develop additional information about the biological characteristics of the product candidate, and must finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, must develop methods for testing the identity, strength, quality and purity of the final product, or for biologics, the safety, purity and potency. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

BLA submission and review

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, the results of product development, nonclinical studies and clinical trials are submitted to the FDA as part of a BLA requesting approval to market the product for one or more indications. FDA approval of a BLA must be obtained before a biologic may be marketed in the United States. The BLA must include all relevant data available from pertinent nonclinical and clinical studies, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's chemistry, manufacturing, controls, and proposed labeling, among other things. The submission of a BLA requires payment of a substantial application user fee to the FDA, unless a waiver or exemption applies.

Within 60 days following submission of the application, the FDA reviews a BLA submitted to determine if it is substantially complete before the FDA accepts it for filing. The FDA may refuse to file any BLA that it deems incomplete or not properly reviewable at the time of submission and may request additional information. In this event, the BLA must be resubmitted with the additional information. The resubmitted application also is subject to review before the FDA accepts it for filing. Under the performance goals and policies implemented by the FDA under the Prescription Drug User Fee Act, or PDUFA, for original BLAs, the FDA targets ten months from the filing date in which to complete its initial review of a standard application and respond to the applicant, and six months from the filing date for an application with priority review. In both standard and priority reviews, the FDA does not always meet its PDUFA goal dates, and the review process is often significantly extended by FDA requests for additional information or clarification. This review typically takes twelve months from the date the BLA is submitted to the FDA because the FDA has approximately two months to make a "filing" decision. The review process and the PDUFA goal date may be extended by three months if the FDA requests or the BLA sponsor otherwise provides additional information or clarification regarding information already provided in the submission within the last three months before the PDUFA goal date.

Once the submission is accepted for filing, the FDA begins an in-depth substantive review of the BLA. The FDA reviews a BLA to determine, among other things, whether a proposed product is safe, pure and potent for its intended use, and the facility in which it is manufactured, processed, packed, or held meets standards designed to assure the product's continued safety, purity and potency. Further, the FDA may convene an advisory committee to provide clinical insight on application review questions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving a BLA, the FDA will typically inspect the facility or facilities where the product is manufactured. The FDA will not approve a product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving a BLA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP requirements. If the FDA determines that the application, manufacturing process or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional testing or information. Notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

After the FDA evaluates a BLA and conducts inspections of manufacturing facilities where the investigational product and/or its drug substance will be produced, the FDA may issue an approval letter or a Complete Response letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. A Complete Response letter will describe all of the deficiencies that the FDA has identified in the BLA, except that where the FDA determines that the data supporting the application are inadequate to support approval, the FDA may issue the Complete Response letter without first conducting required inspections, testing submitted product lots, and/or reviewing proposed labeling. In issuing the Complete Response letter, the FDA may recommend actions that the applicant might take to place the BLA in condition for approval, including requests for additional information or clarification. The FDA may delay or refuse approval of a BLA if applicable regulatory criteria are not satisfied, require additional testing or information and/or require post-marketing testing and surveillance to monitor safety or efficacy of a product.

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

Expedited development and review programs

The FDA has various programs, including Fast Track designation, Breakthrough Therapy designation, accelerated approval and priority review, that are intended to expedite or simplify the process for the development and FDA review of biologics that are intended for the treatment of serious or life-threatening diseases or conditions. These programs do not change the standards for approval but may help expedite the development or approval process. To be eligible for Fast Track designation, new biological products must be intended to treat a serious or life-threatening condition and demonstrate the potential to address an unmet medical need for the condition. Fast Track designation applies to the combination of the product and the specific indication for which it is being studied. The sponsor of a new biologic may request the FDA to designate the biologic as a Fast Track product at any time during the clinical development of the product. One benefit of Fast Track designation, for example, is that the FDA may consider for review sections of the marketing application for a product that has received Fast Track designation on a rolling basis before the complete application is submitted.

Under the FDA's Breakthrough Therapy program, products intended to treat a serious or life-threatening disease or condition may be eligible for the benefits of the Fast Track program when preliminary clinical evidence demonstrates that such product may have substantial improvement on one or more clinically significant endpoints over existing therapies. Additionally, the FDA will seek to ensure the sponsor of a Breakthrough Therapy product receives timely advice and interactive communications to help the sponsor design and conduct a development program as efficiently as possible.

A product is eligible for priority review if it treats a serious or life-threatening disease or condition and has the potential, if approved, to provide a significant improvement in safety and effectiveness. The FDA will attempt to direct additional resources to the evaluation of an application for a new biological product designated for priority review in an effort to facilitate the review. Under priority review, the FDA's goal is to review an application in six months once it is filed, compared to ten months for a standard review.

Additionally, a product may be eligible for accelerated approval (also referred to as Subpart E approval). Biological products studied for their safety and effectiveness in treating serious or life-threatening illnesses and that provide meaningful therapeutic benefit over existing treatments, as demonstrated by a surrogate or intermediate clinical endpoint, may receive accelerated approval. Specifically, this means that they may be approved on the basis of clinical data establishing that the product has an effect on a surrogate endpoint that is reasonably likely to predict a clinical benefit, or on the basis of an effect on an intermediate clinical endpoint other than survival or irreversible morbidity. As a condition of approval, the FDA generally requires that a sponsor of a biological product receiving accelerated approval perform adequate and well-controlled post-marketing confirmatory clinical trials to verify the clinical benefit. Under the Food and Drug Omnibus Reform Act of 2022, or FDORA, the FDA is now permitted to require that such trials be underway prior to approval or within a specific time period after the date of approval for a product granted accelerated approval, and the FDA has increased authority for expedited procedures to withdraw accelerated approval if, for example, the confirmatory trial fails to verify the predicted clinical benefit of the product. In addition, the FDA generally requires as a condition for accelerated approval pre-approval of promotional materials, which could adversely impact the timing of the commercial launch of the product.

Pediatric information

Under the Pediatric Research Equity Act, a BLA or supplement to a BLA must contain data to assess the safety and efficacy of the drug for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may grant deferrals for submission of pediatric data or full or partial waivers. A sponsor who is planning to submit a marketing application for a drug that includes a new active ingredient, new indication, new dosage form, new dosing regimen, or new route of administration must submit an initial Pediatric Study Plan, or PSP, within 60 days of an end-of-Phase 2 meeting or, if there is no such meeting, as early as practicable before the initiation of the Phase 3 or Phase 2/3 study. The initial PSP must include an outline of the pediatric study or studies that the sponsor plans to conduct, including study objectives and design, age groups, relevant endpoints, and statistical approach, or a justification for not including such detailed information, and any request for a deferral of pediatric assessments or a full or partial waiver of the requirement to provide data from pediatric studies along with supporting information. The FDA and the sponsor must reach an agreement on the PSP. A sponsor can submit amendments to an agreed-upon initial PSP at any time if changes to the

pediatric plan need to be considered based on data collected from nonclinical studies, early phase clinical trials, and/or other clinical development programs.

Post-Approval requirements

Any products manufactured or distributed by us pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to record-keeping, reporting of adverse experiences, periodic reporting, product sampling and distribution, and advertising and promotion of the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims, are subject to prior FDA review and approval. There also are continuing user fee requirements, under which the FDA assesses an annual program fee for each product identified in an approved BLA. Biologics manufacturers and their subcontractors, including those supplying products, ingredients, and components of them, are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for ongoing compliance with cGMP, which impose certain procedural and documentation requirements upon us and our third-party manufacturers. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting requirements upon us and any third-party manufacturers that we may decide to use. For certain commercial prescription biologic products, manufacturers and other parties involved in the supply chain must also meet chain of distribution requirements and build electronic, interoperable systems for product tracking and tracing and for notifying the FDA of counterfeit, diverted, stolen and intentionally adulterated products or other products that are otherwise unfit for distribution in the United States. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

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

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

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

U.S. patent term restoration and marketing exclusivity

Depending upon the timing, duration and specifics of the FDA approval of the use of our product candidates, some 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, or Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent

restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent term restoration period is generally one-half the time between the effective date of an IND and the submission date of a BLA plus the time between the submission data of a BLA and the approval of that application. Only one patent applicable to an approved biological product is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent. In addition, a patent can only be extended once and only for a single product. The United States Patent and Trademark Office, or U.S. PTO, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, we may intend to apply for restoration of patent term for one of our patents, if and as applicable, to add patent life beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant BLA.

A biological product can obtain pediatric market exclusivity in the United States. Pediatric exclusivity, if granted, adds six months to existing exclusivity periods, for all formulations, dosage forms, and indications of the biologic. This six-month exclusivity, which runs from the end of other exclusivity protection or patent term, may be granted based on the voluntary completion of a pediatric study in accordance with an FDA-issued "Written Request" for such a study.

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively, the Affordable Care Act, signed into law in 2010, includes a subtitle called the Biologics Price Competition and Innovation Act of 2009, or BPCIA, which created an abbreviated approval pathway for biological products that are biosimilar to or interchangeable with an FDA-approved reference biological product. To date, a number of biosimilars have been licensed under the BPCIA, and numerous biosimilars have been approved in Europe. The FDA has issued several guidance documents outlining an approach to review and approval of biosimilars.

Biosimilarity, which requires that there be no clinically meaningful differences between the biological product and the reference product in terms of safety, purity, and potency, can be shown through analytical studies, animal studies, and a clinical study or studies. Interchangeability requires that a product is biosimilar to the reference product and the product must demonstrate that it can be expected to produce the same clinical results as the reference product in any given patient and, for products that are administered multiple times to an individual, the biologic and the reference biologic may be alternated or switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biologic. Complexities associated with the larger, and often more complex, structures of biological products, as well as the processes by which such products are manufactured, pose significant hurdles to implementation of the abbreviated approval pathway that are still being worked out by the FDA.

Under the BPCIA, a reference biological product is granted a 12 year exclusivity period from the time of first licensure of the product. The FDA will not accept an application for a biosimilar or interchangeable product based on the reference biological product until four years after the date of first licensure of the reference product, and the FDA will not approve an application for a biosimilar or interchangeable product based on the reference biological product until twelve years after the date of first licensure of the reference product. The FDA may approve multiple "first" interchangeable products so long as they are all approved on the same first day of marketing. "First licensure" typically means the initial date the particular product at issue was licensed in the United States. Date of first licensure does not include the date of licensure of (and a new period of exclusivity is not available for) a biological product if the licensure is for a supplement for the biological product or for a subsequent application by the same sponsor or manufacturer of the biological product (or licensor, predecessor in interest, or other related entity) for a change (not including a modification to the structure of the biological product) that results in a new indication, route of administration, dosing schedule, dosage form, delivery system, delivery device or strength, or for a modification to the structure of the biological product that does not result in a change in safety, purity, or potency. Therefore, one must determine whether a new product includes a modification to the structure of a previously licensed product that results in a change in safety, purity, or potency to assess whether the licensure of the new product is a first licensure that triggers its own period of exclusivity. Whether a subsequent application, if approved, warrants exclusivity as the "first licensure" of a biological product is determined on a case-by-case basis with data submitted by the sponsor.

The BPCIA is complex and continues to be interpreted and implemented by the FDA, and aspects of the BPCIA, some of which may impact the BPCIA exclusivity provisions, have been the subject of litigation. As a result, the ultimate impact, implementation, and impact of the BPCIA continue to evolve.

Regulation of Combination Products in the United States

Certain products may be comprised of components, such as drug components, biologic components and device components, that would normally be regulated under different types of regulatory authorities, and frequently by different centers at the FDA. These products are known as combination products. Under regulations issued by the FDA, a combination product may be:

- a product comprised of two or more regulated components that are physically, chemically, or otherwise combined or mixed and produced as a single entity;
- two or more separate products packaged together in a single package or as a unit and comprised of drug and device products, device and biological products, or biological and drug products;
- a drug, or device, or biological product packaged separately that according to its investigational plan or proposed labeling is intended for use only with an approved individually specified drug, or device, or biological product where both are required to achieve the intended use, indication, or effect and where upon approval of the proposed product the labeling of the approved product would need to be changed, e.g., to reflect a change in intended use, dosage form, strength, route of administration, or significant change in dose; or
- any investigational drug, or device, or biological product packaged separately that according to its proposed labeling is for use only with another individually specified investigational drug, device, or biological product where both are required to achieve the intended use, indication, or effect.

Under the FD&C Act and its implementing regulations, the FDA is charged with assigning a center with primary jurisdiction, or a lead center, for review of a combination product. The designation of a lead center generally eliminates the need to receive approvals from more than one FDA center for combination products, although it does not preclude consultations by the lead center with another FDA center. The determination of which center will be the lead center is based on the “primary mode of action” of the combination product. The FDA has also established an Office of Combination Products to address issues surrounding combination products and provide more certainty to the regulatory review process. That office serves as a focal point for combination product issues for agency reviewers and industry. It is also responsible for developing guidance and regulations to clarify the regulation of combination products, and for assignment of the FDA center that has primary jurisdiction for review of combination products where the jurisdiction is unclear or in dispute.

A combination product with biologic primary mode of action, such as a biologic dispensed in a pre-filled syringe, generally would be reviewed and licensed pursuant to the biologic licensing processes under the PHS Act. In reviewing the BLA application for such a product, however, FDA reviewers in the drug or biologics center could consult with their counterparts in the device center to ensure that the device component of the combination product meets applicable requirements regarding safety, effectiveness, durability and performance.

Following approval of a combination product, each component of a combination product retains its regulatory status (as a biologic or device, for example) and is subject to the requirements established by the FDA for that type of component. Accordingly, under FDA regulations, biologic-device combination products are subject to cGMP requirements applicable to both biologics and devices, including the cGMP requirements for biologics and the FDA’s Quality System Regulation applicable to medical devices.

Other U.S. healthcare and data privacy laws and compliance requirements

In the United States, our current and future operations are subject to regulation by various federal, state and local authorities in addition to the FDA, including but not limited to, the Centers for Medicare and Medicaid Services, or CMS, other divisions of the U.S. Department of Health and Human Services, or HHS (such as the Office of Inspector General, Office for Civil Rights and the Health Resources and Service Administration), the U.S. Department of Justice, or DOJ, and individual U.S. Attorney offices within the DOJ, and state and local governments. For example, our clinical research, sales, marketing and scientific/educational grant programs may have to comply with the anti-fraud and abuse

provisions of the Social Security Act, the false claims laws, the privacy and security provisions of the Health Insurance Portability and Accountability Act, or HIPAA, and similar state laws, each as amended, as applicable.

Pharmaceutical companies are subject to additional healthcare regulation and enforcement by the federal government and by authorities in the states and foreign jurisdictions in which they conduct their business that may constrain the financial arrangements and relationships through which we research, as well as sell, market and distribute any products for which we obtain MA. Such laws include, without limitation, state and federal anti-kickback, fraud and abuse, false claims, and transparency laws and regulations related to drug pricing and payments and other transfers of value made to physicians and other healthcare providers. If our operations are found to be in violation of any of such laws or any other governmental regulations that apply, we may be subject to penalties, including, without limitation, administrative, civil and criminal penalties, damages, fines, disgorgement, the curtailment or restructuring of operations, integrity oversight and reporting obligations, exclusion from participation in federal and state healthcare programs and responsible individuals may be subject to imprisonment.

Also, many states have similar, and typically more prohibitive, fraud and abuse statutes or regulations that apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor.

We may be subject to data privacy and security regulations by both the federal government and the states in which we conduct our business. HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and their implementing regulations, as well as the state consumer privacy and health privacy laws, such as the California Consumer Privacy Act of 2018 (the “CCPA”) and the Washington My Health My Data Act (the “WA MHMDA”), impose requirements relating to the privacy, security and transmission of personal information, individually identifiable health information, and consumer health data. Among other things, HITECH makes HIPAA's privacy and security standards directly applicable to business associates, independent contractors, or agents of covered entities, which include certain healthcare providers, health plans, and healthcare clearinghouses, that receive or obtain protected health information in connection with providing a service on behalf of a covered entity. HITECH also created four 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 HIPAA and seek attorneys' fees and costs associated with pursuing federal civil actions. In addition, many state laws govern the privacy and security of health information in specified circumstances. For example, the CCPA and similar consumer privacy laws in a number of states established privacy frameworks for covered businesses, including broad definitions of regulated personal information, data privacy rights for consumers residing in the relevant state, special rules on the collection of consumer data from minors, and an enforcement framework for violations and for businesses that fail to implement reasonable security procedures and practices to prevent data breaches. The WA MHMDA applies similar requirements as well as heightened consent requirements for collecting and sharing consumer health data relating to Washington residents, and the law provides aggrieved consumers with a broad private right of action. Many of the state laws differ from each other in significant ways and may have a more prohibitive effect than HIPAA and cover personal information other than protected health information that is subject to HIPAA, thus complicating compliance efforts.

We may develop products that, once approved, may be administered by a physician. Under currently applicable U.S. law, certain products not usually self-administered (including injectable drugs) may be eligible for coverage under Medicare through Medicare Part B. Medicare Part B is part of original Medicare, the federal health care program that provides health care benefits to the aged and disabled, and covers outpatient services and supplies, including certain pharmaceutical products, that are medically necessary to treat a beneficiary's health condition. As a condition of receiving Medicare Part B reimbursement for a manufacturer's eligible drugs, the manufacturer is required to participate in other government healthcare programs, including the Medicaid Drug Rebate Program and the 340B Drug Pricing Program. The Medicaid Drug Rebate Program requires pharmaceutical manufacturers to enter into and have in effect a national rebate agreement with the Secretary of HHS as a condition for states to receive federal matching funds for the manufacturer's outpatient drugs furnished to Medicaid patients. Under the 340B Drug Pricing Program, the manufacturer must extend discounts to entities that participate in the program.

In addition, many pharmaceutical manufacturers must calculate and report certain price reporting metrics to the government, such as average sales price, or ASP, and best price. Penalties may apply in some cases when such metrics

are not submitted accurately and timely. Further, these prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors.

Additionally, the federal Physician Payments Sunshine Act, or the Sunshine Act, within the Affordable Care Act, and its implementing regulations, require that certain manufacturers of drugs, devices, biological and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions) report annually to CMS information related to certain payments or other transfers of value made or distributed to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), certain other licensed healthcare professionals and teaching hospitals, or to entities or individuals at the request of, or designated on behalf of, physicians and teaching hospitals and to report annually certain ownership and investment interests held by physicians and their immediate family members. In addition, many states also govern the reporting of payments or other transfers of value, many of which differ from each other in significant ways, are often not pre-empted, and may have a more prohibitive effect than the Sunshine Act, thus further complicating compliance efforts.

In order to distribute products commercially, we must comply with state laws that require the registration of manufacturers and wholesale distributors of drug and biological products in a state, including, in certain states, manufacturers and distributors who ship products into the state even if such manufacturers or distributors have no place of business within the state. Some states also impose requirements on manufacturers and distributors to establish the pedigree of product in the chain of distribution, including some states that require manufacturers and others to adopt new technology capable of tracking and tracing product as it moves through the distribution chain. Several states have enacted legislation requiring pharmaceutical and biotechnology companies to establish marketing compliance programs, file periodic reports with the state, make periodic public disclosures on sales, marketing, pricing, clinical trials and other activities, and/or register their sales representatives, as well as to prohibit pharmacies and other healthcare entities from providing certain physician prescribing data to pharmaceutical and biotechnology companies for use in sales and marketing, and to prohibit certain other sales and marketing practices. All of our activities are potentially subject to federal and state consumer protection and unfair competition laws.

Ensuring business arrangements with third parties comply with applicable healthcare laws and regulations is a costly endeavor. If our operations are found to be in violation of any of the federal and state healthcare laws described above or any other current or future governmental regulations that apply to us, we may be subject to penalties, including without limitation, civil, criminal and/or administrative penalties, damages, fines, disgorgement, individual imprisonment, exclusion from participation in government programs, such as Medicare and Medicaid, injunctions, private "qui tam" actions brought by individual whistleblowers in the name of the government, or refusal to allow us to enter into government contracts, contractual damages, reputational harm, administrative burdens, diminished profits and future earnings, additional reporting obligations and oversight if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Coverage, pricing and reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any product candidates for which we may obtain regulatory approval. In the United States and in foreign markets, sales of any products for which we receive regulatory approval for commercial sale will depend, in part, on the extent to which third-party payors provide coverage and establish adequate reimbursement levels for such products. In the United States, third-party payors include federal and state healthcare programs, such as Medicare and Medicaid, private managed care providers, health insurers and other organizations. Adequate coverage and reimbursement from third-party payors are critical to new product acceptance.

Coverage and reimbursement by a third-party payor may depend upon a number of factors, including the third-party payor's determination that use of a therapeutic is:

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

We cannot be sure that reimbursement will be available for any product that we commercialize and, if coverage and reimbursement are available, what the level of reimbursement will be. Coverage may also be more limited than the purposes for which the product is approved by the FDA or comparable foreign regulatory authorities. Reimbursement may impact the demand for, or the price of, any product for which we obtain regulatory approval.

Third-party payors are increasingly challenging the price, examining the medical necessity, and reviewing the cost-effectiveness of medical products, therapies and services, in addition to questioning their safety and efficacy. Obtaining reimbursement for our products may be particularly difficult because of the higher prices often associated with branded drugs and drugs administered under the supervision of a physician. We may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of our products, in addition to the costs required to obtain FDA approvals. Our product candidates may not be considered medically necessary or cost-effective. Obtaining coverage and reimbursement approval of a product from a government or other third-party payor is a time-consuming and costly process that could require us to provide to each payor supporting scientific, clinical and cost-effectiveness data for the use of our product on a payor-by-payor basis, with no assurance that coverage and adequate reimbursement will be obtained. A third-party payor's decision to provide coverage for a product does not imply that an adequate reimbursement rate will be approved. Further, in the United States, no uniform policy of coverage and reimbursement for products exists among third-party payors. Private third-party payors tend to follow Medicare coverage and reimbursement limitations to a substantial degree, but also have their own methods and approval process apart from Medicare determinations. Therefore, one payor's determination to provide coverage for a product does not assure that other payors will also provide coverage for the product. Adequate third-party reimbursement may not be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development. If reimbursement is not available or is available only at limited levels, we may not be able to successfully commercialize any product candidate that we successfully develop.

Different pricing and reimbursement schemes exist in other countries. In the European Union, or EU, governments influence the price of pharmaceutical products through their pricing and reimbursement rules and control of national health care systems that fund a large part of the cost of those products to consumers. Some jurisdictions operate positive and negative list systems under which products may only be marketed once a reimbursement price has been agreed. To obtain reimbursement or pricing approval, some of these countries may require the completion of clinical trials that compare the cost effectiveness of a particular product candidate to currently available therapies. Other Member States allow companies to fix their own prices for medicines, but monitor and control company profits. The downward pressure on health care costs has become intense. As a result, increasingly high barriers are being erected to the entry of new products. In addition, in some countries, cross-border imports from low-priced markets exert a commercial pressure on pricing within a country.

The marketability of any product candidates for which we receive regulatory approval for commercial sale may suffer if third-party payors fail to provide coverage and adequate reimbursement. In addition, emphasis on managed care, the increasing influence of health maintenance organizations, and additional legislative changes in the United States has increased, and we expect will continue to increase, the pressure on healthcare pricing. The downward pressure on the rise in healthcare costs in general, particularly prescription medicines, medical devices and surgical procedures and other treatments, has become very intense. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Healthcare reform

In the United States and some foreign jurisdictions, there have been, and continue to be, several legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval of product candidates, restrict or regulate post-approval activities, and affect the ability to profitably sell product candidates for which marketing approval is obtained. Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives.

For example, the Affordable Care Act has substantially changed healthcare financing and delivery by both governmental and private insurers. Among the Affordable Care Act provisions of importance to the pharmaceutical and biotechnology industries, in addition to those otherwise described above, are the following:

- an annual, nondeductible fee on any entity that manufactures or imports certain specified branded prescription drugs and biologic agents apportioned among these entities according to their market share in some government healthcare programs that began in 2011;
- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program, retroactive to January 1, 2010, to 23.1% and 13% of the average manufacturer price for most branded and generic drugs, respectively, and capped the total rebate amount for innovator drugs at 100% of the Average Manufacturer Price, or AMP;
- a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% (increased to 70%, the current discount owed as of January 1, 2019 pursuant to the Bipartisan Budget Act of 2018, or BBA) point-of-sale discounts, off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturers' outpatient drugs to be covered under Medicare Part D;
- extension of manufacturers' Medicaid rebate liability to covered drugs dispensed to individuals who are enrolled in Medicaid managed care organizations;
- expansion of eligibility criteria for Medicaid programs, thereby potentially increasing manufacturers' Medicaid rebate liability;
- expansion of the entities eligible for discounts under the 340B Drug Discount Program;
- a Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research;
- expansion of healthcare fraud and abuse laws, including the FCA and the federal Anti-Kickback Statute, new government investigative powers, and enhanced penalties for noncompliance;
- requirements to report certain financial arrangements with physicians and teaching hospitals;
- a requirement to annually report certain information regarding drug samples that manufacturers and distributors provide to physicians;
- establishment of the Center for Medicare and Medicaid Innovation at CMS to test innovative payment and service delivery models to lower Medicare and Medicaid spending; and
- a licensure framework for follow on biologic products.

Additionally, there has been increasing legislative and enforcement interest in the United States with respect to specialty drug pricing practices. Specifically, there have been several recent U.S. Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs. For example, in May 2019, CMS issued a final rule to allow Medicare Advantage Plans the option of using step therapy, a type of prior authorization, for Part B drugs beginning January 1, 2020. This final rule codified CMS's policy change that was effective January 1, 2019. However, it is unclear whether the Trump Administration will challenge, reverse, revoke or otherwise modify these executive and administrative actions. President Biden issued multiple executive orders that have sought to reduce prescription drug costs. In February 2023, HHS also issued a proposal in response to an October 2022 executive order from President Biden that includes a proposed prescription drug pricing model that will test whether targeted Medicare payment adjustments will sufficiently incentivize manufacturers to complete confirmatory trials for drugs approved through FDA's accelerated approval pathway.

In addition, there have been several changes to the 340B drug pricing program, which imposes ceilings on prices that certain drug and biologic manufacturers can charge for medications sold to certain health care facilities. It is unclear how these developments could affect covered hospitals who might purchase our future products and affect the rates we may charge such facilities for our approved products in the future, if any. On July 24, 2020 and September 13, 2020, former President Trump announced several executive orders related to prescription drug pricing that seek to implement several of the former administration's proposals. In response, the FDA released a final rule on September 24, 2020, which went into effect on November 30, 2020, providing guidance for states to build and submit importation plans for drugs from Canada. Further, on November 20, 2020 CMS issued an Interim Final Rule implementing the Most Favored Nation, or MFN, Model under which Medicare Part B reimbursement rates will be calculated for certain drugs

and biologicals based on the lowest price manufacturers receive in Organization for Economic Cooperation and Development countries with a similar gross domestic product per capita. The MFN Model regulations mandate participation by identified Part B providers and would have applied to all U.S. states and territories for a seven-year period beginning January 1, 2021 and ending December 31, 2027. However, in response to a lawsuit filed by several industry groups, on December 28, the U.S. District Court for the Northern District of California issued a nationwide preliminary injunction enjoining government defendants from implementing the MFN Rule pending completion of notice-and-comment procedures under the Administrative Procedure Act. On January 13, 2021, in a separate lawsuit brought by industry groups in the U.S. District of Maryland, the government defendants entered a joint motion to stay litigation on the condition that the government would not appeal the preliminary injunction granted in the U.S. District Court for the Northern District of California and that performance for any final regulation stemming from the MFN Interim Final Rule shall not commence earlier than 60 days after publication of that regulation in the Federal Register. Further, authorities in Canada have passed rules designed to safeguard the Canadian drug supply from shortages. If implemented, importation of drugs from Canada and the MFN Model may materially and adversely affect the price we receive for any of our product candidates. Additionally, on December 2, 2020, HHS published 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. Pursuant to an order entered by the U.S. District Court for the District of Columbia, the portion of the rule eliminating safe harbor protection for certain rebates related to the sale or purchase of a pharmaceutical product from a manufacturer to a plan sponsor under Medicare Part D has been delayed to January 1, 2026. This deadline was delayed to January 1, 2027 by the Bipartisan Safer Communities Act. The Inflation Reduction Act of 2022 further delayed implementation of this rule to January 1, 2032. While a number of these and other proposed measures may require additional authorization to become effective, and the Trump Administration may reverse or otherwise change these measures, Congress has indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. Individual states in the United States have also increasingly passed legislation and implemented regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

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

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into law, which eliminates the statutory Medicaid drug rebate cap, currently set at 100% of a drug's average manufacturer price, for single source and innovator multiple source drugs, beginning January 1, 2024. Due to the Statutory Pay-As-You-Go Act of 2010, estimated budget deficit increases resulting from the American Rescue Plan Act of 2021, and subsequent legislation, Medicare payments to providers were further reduced starting on January 1, 2025; however, legislation has been introduced in the U.S. Congress that would, if enacted, reverse these payment reductions. In addition to provider payment cuts under Medicare, the American Rescue Plan Act of 2021 also eliminated the statutory Medicaid drug rebate cap, previously set at 100% of a drug's average manufacturer price, for single source and innovator multiple source drugs, beginning January 1, 2024. These laws and regulations may result in additional reductions in Medicare and other healthcare funding available for healthcare providers and may otherwise affect the prices we may obtain for any of our product candidates for which we may obtain regulatory approval or the frequency with which any such product candidate is prescribed or used.

The Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act, or FCPA, prohibits any U.S. individual or business from paying, offering, or authorizing payment or offering of anything of value, directly or indirectly, to any foreign official, political party or candidate for the purpose of influencing any act or decision of the foreign entity in order to assist the individual or business in obtaining or retaining business. The FCPA also obligates companies whose securities are listed in the United

States to comply with accounting provisions requiring us to maintain books and records that accurately and fairly reflect all transactions of the corporation, including international subsidiaries, and to devise and maintain an adequate system of internal accounting controls for international operations.

Government regulations outside the United States

In addition to regulations in the United States, we are subject to a variety of regulations in other jurisdictions governing, among other things, research and development, clinical trials, testing, manufacturing, safety, efficacy, labeling, packaging, storage, record keeping, distribution, reporting, advertising and other promotional practices involving biological products as well as authorization and approval of our products.

Whether or not we obtain FDA approval for a product, we must obtain the requisite approvals from regulatory authorities in foreign countries prior to the commencement of clinical trials or marketing of the product in those countries. Certain countries outside of the United States have a similar process that requires the submission of a clinical trial application much like the IND prior to the commencement of human clinical trials. In the EU, for example, a clinical trial authorization application must be submitted for each clinical trial to each applicable country's national competent authority and an independent ethics committee, much like the FDA and an IRB, respectively. Under the Clinical Trials Regulation (EU) no 536/2014, which replaced the Clinical Trials Directive 2001/20/EC on January 31, 2022, a single application is now made through the Clinical Trials Information System, or CTIS, for clinical trial authorization in up to 30 EU/EEA countries at the same time and with a single set of documentation.

The assessment of applications for clinical trials in the EU is divided in two parts (Part I contains scientific and medicinal product documentation and Part II contains the national and patient-level documentation). Part I is assessed by a coordinated review by the competent authorities of all EU Member States in which an application for authorization of a clinical trial has been submitted (Member States concerned) of a draft report prepared by a Reference Member State. Part II is assessed separately by each Member State concerned. Strict deadlines have been established for the assessment of clinical trial applications. The role of the relevant ethics committees in the assessment procedure continues to be governed by the national law of the concerned EU Member State, however overall related timelines are defined by the Clinical Trials Regulation. The Clinical Trials Regulation also provides for simplified reporting procedures for clinical trial sponsors.

The requirements and process governing the conduct of clinical trials, product licensing, pricing and reimbursement vary from country to country. In all cases, the clinical trials must be conducted in accordance with GCP and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

Regulation in the European Union

In the EU, medicinal products are subject to extensive pre- and post-market regulation by regulatory authorities at both the EU and national levels. To obtain regulatory approval of a medicinal product in the EU, we must submit an MA application. The application used to submit the BLA in the United States is similar to that required in the EU, with certain exceptions. There are two main types of MA in the EU:

- The centralized MA is issued by the European Commission through the centralized procedure, based on the opinion of the Committee for Medicinal Products for Human Use, or CHMP, of the EMA, which is valid throughout the entire territory of the EU, and in the additional countries of the European Economic Area (Iceland, Liechtenstein and Norway), or EEA. The centralized procedure is mandatory for certain types of products, including medicines produced by biotechnological process, products designated as orphan medicinal products, advanced-therapy medicinal products (i.e. gene-therapy, somatic cell-therapy or tissue-engineered medicines) and medicinal products containing a new active substance indicated for the treatment of HIV, AIDS, cancer, neurodegenerative disorders, diabetes, auto-immune and other immune dysfunctions and viral diseases. The centralized procedure is optional for products containing a new active substance not yet authorized in the EU, or for products that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the EU. Under the centralized procedure the maximum timeframe for the evaluation of an MA application by the EMA is 210 days, excluding clock stops, when additional written or oral information is to be provided by the applicant in response to questions asked by the CHMP. Clock stops may extend the timeframe of evaluation of an MA application considerably beyond 210 days. Where the CHMP

gives a positive opinion, the EMA provides the opinion together with supporting documentation to the European Commission, who make the final decision to grant an MA, which is issued within 67 days of receipt of the EMA's recommendation. Accelerated assessment might be granted by the CHMP in exceptional cases, when a medicinal product is expected to be of a major public health interest, particularly from the point of view of therapeutic innovation. The timeframe for the evaluation of an MA application under the accelerated assessment procedure is of 150 days, excluding clock stops, but it is possible that the CHMP may revert to the standard time limit for the centralized procedure if it determines that an accelerated assessment is no longer appropriate.

- National MAs, which are issued by the competent authorities of the Member States of the EU and only cover their respective territory, are available for products not falling within the mandatory scope of the centralized procedure. Where a product has already been authorized for marketing in a Member State of the EU, this national MA can be recognized in other Member States through the mutual recognition procedure. If the product has not received a national MA in any Member State of the EU at the time of application, it can be approved simultaneously in various Member States through the decentralized procedure. Under the decentralized procedure an identical dossier is submitted to the competent authorities of each of the Member States in which the MA is sought, one of which is selected by the applicant as the Reference Member State, or RMS. The competent authority of the RMS prepares a draft assessment report, a draft summary of product characteristics, or SmPC, and a draft of the labeling and package leaflet, which are sent to the other Member States (referred to as the Concerned Member States, or CMSs) for their approval. If the CMSs raise no objections to public health, to the assessment, SmPC, labeling, or packaging proposed by the RMS, the product is subsequently granted a national MA in all the applicable Member States (i.e., in the RMS and the CMSs).

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

The EU also provides opportunities for regulatory exclusivity. For example, in the EU, upon receiving an MA, innovative medicinal products generally receive eight years of data exclusivity and an additional two years of market exclusivity. If granted, data exclusivity prevents generic or biosimilar applicants from referencing the innovator's preclinical and clinical trial data contained in the dossier of the reference product when applying for a generic or biosimilar MA in the EU, during a period of eight years from the date on which the reference product was first authorized in the EU. During the additional two-year period of market exclusivity, a generic or biosimilar MA application can be submitted and authorized, and the innovator's data may be referenced, but no generic or biosimilar product can be marketed in the EU until the expiration of the market exclusivity. The overall ten-year period will be extended to a maximum of 11 years if, during the first eight years of those ten years, the MA holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are determined to bring a significant clinical benefit in comparison with currently approved therapies. There is no guarantee that a product will be considered by the EMA to be an innovative medicinal product, and products may not qualify for data exclusivity. Even if an innovative medicinal product gains the prescribed period of data exclusivity, another company could nevertheless also market another version of the product if such company obtained an MA based on an application with a complete and independent data package of pharmaceutical tests, preclinical tests and clinical trials.

Pediatric development in the Europe Union

In the EU, companies developing a new medicinal product must agree upon a pediatric investigation plan, or PIP, with the EMA's Paediatric Committee, or PDCO, and must conduct pediatric clinical trials in accordance with that PIP, unless the EMA has granted a product-specific waiver, a class waiver, or a deferral for one or more of the measures included in the PIP. This requirement also applies when a company wants to add a new indication, pharmaceutical form or route of administration for a medicine that is already authorized. The PIP sets out the timing and measures proposed to generate data to support a pediatric indication of the product for which an MA is being sought. The PDCO can grant a deferral of the obligation to implement some or all of the measures of the PIP until there are sufficient data to demonstrate the efficacy and safety of the product in adults. Further, the obligation to provide pediatric clinical trial data can be waived by the PDCO when this data is not needed or appropriate because the product is likely to be ineffective or unsafe in children, the disease or condition for which the product is intended occurs only in adult populations, or when the product does not represent a significant therapeutic benefit over existing treatments for pediatric patients. Products

that are granted an MA on the basis of the pediatric clinical trials conducted in accordance with the PIP are eligible for a six-month extension of the protection under a supplementary protection certificate or, in the case of orphan medicinal products, a two year extension of the orphan market exclusivity. This pediatric reward is subject to specific conditions and is not automatically available when data in compliance with the PIP are developed and submitted.

PRIME designation

In March 2016, the EMA launched an initiative to facilitate development of product candidates in indications, often rare, for which few or no therapies currently exist. The Priority Medicines, or PRIME, scheme is intended to encourage drug development in areas of unmet medical need and provides accelerated assessment of products representing substantial innovation, where the MA application will be made through the centralized procedure. Eligible products must target conditions for which there is an unmet medical need (there is no satisfactory method of diagnosis, prevention or treatment in the EU or, if there is, the new medicine will bring a major therapeutic advantage) and they must demonstrate the potential to address the unmet medical need by introducing new methods of therapy or improving existing ones. Products from small- and medium-sized enterprises may qualify for earlier entry into the PRIME scheme than larger companies. Many benefits accrue to sponsors of product candidates with PRIME designation, including but not limited to, early and proactive regulatory dialogue with the EMA, frequent discussions on clinical trial designs and other development program elements, and accelerated MA application assessment once a dossier has been submitted. Importantly, a dedicated contact and rapporteur from the EMA's CHMP or Committee for Advanced Therapies are appointed early in PRIME scheme facilitating increased understanding of the product at the EMA's committee level. A kick-off meeting initiates these relationships and includes a team of multidisciplinary experts at the EMA to provide guidance on the overall development and regulatory strategies. Where, during the course of development, a medicine no longer meets the eligibility criteria, support under the PRIME scheme may be withdrawn.

Post-approval controls in the European Union

The holder of an MA must establish and maintain a pharmacovigilance system and appoint an individual qualified person for pharmacovigilance, who is responsible for oversight of that system. Key obligations include expedited reporting of suspected serious adverse reactions and submission of periodic safety update reports, or PSURs.

All new MA applications must include a risk management plan, or RMP, describing the risk management system that the company will put in place and documenting measures to prevent or minimize the risks associated with the product. The regulatory authorities may also impose specific obligations as a condition of the MA. Such risk-minimization measures or post-authorization obligations may include additional safety monitoring, more frequent submission of PSURs, or the conduct of additional clinical trials or post-authorization safety studies. RMPs and PSURs are routinely available to third parties requesting access, subject to limited redactions.

All advertising and promotional activities for the product must be consistent with the approved summary of product characteristics, or SmPC, and therefore all off-label promotion is prohibited. Direct-to-consumer advertising of prescription medicines is also prohibited in the EU. Although general requirements for advertising and promotion of medicinal products are established under EU directives, the details are governed by regulations in each EU Member State and can differ from one country to another.

Much like the Anti-Kickback Statute prohibition in the United States, the provision of benefits or advantages to physicians to induce or encourage the prescription, recommendation, endorsement, purchase, supply, order, or use of medicinal products is also prohibited in the EU. The provision of benefits or advantages to induce or reward improper performance generally is governed by the national anti-bribery laws of EU Member States and the Bribery Act of 2010 in the UK. Infringement of these laws could result in substantial fines and imprisonment. EU Directive 2001/83/EC, which is the EU Directive governing medicinal products for human use, further provides that, where medicinal products are being promoted to persons qualified to prescribe or supply them, no gifts, pecuniary advantages or benefits in kind may be supplied, offered or promised to such persons unless they are inexpensive and relevant to the practice of medicine or pharmacy. This provision has been transposed into the Human Medicines Regulations 2012 in the UK and so remains applicable in the UK despite its departure from the EU.

Payments made to physicians in certain EU Member States must be publicly disclosed. Moreover, agreements with physicians often must be the subject of prior notification and approval by the physician's employer, his or her

competent professional organization, and/or the regulatory authorities of the individual EU Member States. These requirements are provided in the national laws, industry codes, or professional codes of conduct, applicable in the EU Member States. Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines, or imprisonment.

Regulation of Combination Products

The EU regulates medical devices and medicinal products separately, through different legislative instruments, and the applicable requirements will vary depending on the type of drug-device combination product. EU guidance has been published to help manufacturers select the right regulatory framework. In the case of drug-delivery products intended to administer a medicinal product where the device and the medicinal product do not form a single integral product, the medicinal product is regulated in accordance with the aforementioned rules while the device part is regulated as a medical device and will have to comply with all the requirements set forth by Regulation 2017/745, or the Medical Devices Regulation (which became applicable on 26 May 2021 and repealed the EU Council Directive 93/42/EEC, or the Medical Devices Directive). Where the medical device and medicinal product form a single integral product (e.g. pre-filled inhalers), if the principal intended action is achieved by the medicine, the product is considered a medicinal product that includes a medical device and the entire product is regulated under the EU pharmaceutical legislation. However, the MA application for the product should include a CE certificate for the device in accordance with the Medical Devices Regulation or, if not CE marked but would need to be certified if marketed separately, the applicant must include an opinion from a notified body on the conformity of device with the Medical Devices Regulation (except for Class I non-sterile, non-measuring devices).

The characteristics of non-integral devices used for the administration of medicinal products may impact the quality, safety and efficacy profile of the medicinal products. To the extent that administration devices are co-packaged with the medicinal product or, in exceptional cases, where the use of a specific type of administration device is specifically provided for in the product information of the medicinal product, additional information may need to be provided in the MA application for the medicinal product on the characteristics of the medical device(s) that may impact on the quality, safety and/or efficacy of the medicinal product. The requirements regarding quality aspects for integral drug-device combination products, including devices that are co-packaged with medicinal products, are outlined in an EMA guideline which came into effect on January 1, 2022.

The EU requires that all medical devices placed on the market in the EU must meet the relevant general safety and performance requirements laid down in Annex I of the Medical Devices Regulation. The most fundamental requirement is that a medical device must be designed and manufactured in such a way that it will not compromise the clinical condition or safety of patients, or the safety and health of users and others. In addition, the device must achieve the performances intended by the manufacturer and be designed, manufactured, and packaged in a suitable manner. To demonstrate compliance with the general safety and performance requirements laid down in Annex I to the Medical Devices Regulation, medical device manufacturers must undergo a conformity assessment procedure, which varies according to the type of medical device and its (risk) classification. Conformity assessment procedures require an assessment of available clinical evidence, literature data for the product, and post-market experience in respect of similar products already marketed. Except for low-risk medical devices (Class I non-sterile, non-measuring devices), where the manufacturer can self-declare the conformity of its products with the general safety and performance requirements (except for any parts which relate to sterility or metrology), a conformity assessment procedure requires the intervention of a notified body. Notified bodies are independent organizations designated by EU countries to assess the conformity of devices before being placed on the market. If satisfied that the relevant product conforms to the relevant general safety and performance requirements, the notified body issues a certificate of conformity, which the manufacturer uses as a basis for its own declaration of conformity. The manufacturer may then apply the CE mark to the device, which allows the device to be placed on the market throughout the EU.

As a general rule, demonstration of conformity of medical devices and their manufacturers with the general safety and performance requirements must be based, among other things, on the evaluation of clinical data supporting the safety and performance of the products during normal conditions of use. Specifically, a manufacturer must demonstrate that the device achieves its intended performance during normal conditions of use, that the known and foreseeable risks, and any adverse events, are minimized and acceptable when weighed against the benefits of its intended performance, and that any claims made about the performance and safety of the device are supported by suitable evidence.

All of the aforementioned EU rules are generally applicable in the EEA.

European data collection

The collection and processing of personal data, including health data regarding the EEA is governed by the EU General Data Protection Regulation ("GDPR") and similarly, processing of personal data regarding the UK is subject to the UK General Data Protection Regulation and the UK Data Protection Act 2018 ("UK GDPR" and together with the EU GDPR, referred to as the "GDPR" in this Annual Report on Form 10-K), as well as other supplementary national data protection legislation in force in the EEA member states and the UK. The GDPR imposes stringent requirements relating to the consent of the individuals to whom the personal data relates, the information provided to the individuals, notification of data processing obligations to the competent national data protection authorities, and the security and confidentiality of the personal data. The GDPR also impose strict rules on the transfer of personal data out of the EEA/UK, including to the United States in certain circumstances. Failure to comply with the requirements of the GDPR, and the related national data protection laws of the EEA Member States and UK may result in administrative penalties and substantial fines of up to 4% total worldwide annual turnover or up to €20 million (£17.5 million for the UK GDPR), whichever is higher. The GDPR imposes additional responsibility and liability in relation to personal data that we process and requires us to put in place additional mechanisms to ensure compliance with its obligations. We are subject to the GDPR if we have a presence or "establishment" in the EEA/UK (e.g. EEA/UK based subsidiary or operations), are monitoring individuals in the EEA/UK, including when conducting clinical trials with EEA/UK based data subjects (whether the trials are conducted directly by us or through a clinical vendor or partner), or offering approved products or services (if relevant) to EEA/UK based data subjects (regardless of whether involving EEA/UK based subsidiaries or operations). The GDPR regulations are onerous and may adversely affect our business, financial condition, results of operations, and prospects.

Reform of the Regulatory Framework in the European Union

The European Commission introduced legislative proposals in April 2023 that, if implemented, will replace the current regulatory framework in the EU for all medicines (including those for rare diseases and for children). The European Commission has provided the legislative proposals to the European Parliament and the European Council for their review and approval. In October 2023, the European Parliament published draft reports proposing amendments to the legislative proposals, which will be debated by the European Parliament. Once the European Commission's legislative proposals are approved (with or without amendment), they will be adopted into EU law.

Brexit and the Regulatory Framework in the United Kingdom

The UK formally left the EU on January 31, 2020 .

As a result of the Northern Ireland Protocol, following Brexit, the EMA remained responsible for approving novel medicines for supply in Northern Ireland under the EU centralized procedure, and a separate authorization was required to supply the same medicine in Great Britain (England, Wales and Scotland). On February 27, 2023, the UK government and the European Commission announced a political agreement in principle to replace the Northern Ireland Protocol with a new set of arrangements, known as the "Windsor Framework". The Windsor Framework was approved by the EU-UK Joint Committee on March 24, 2023, and the medicines aspects of the Windsor Framework have applied since January 1, 2025. This new framework fundamentally changes the previous system under the Northern Ireland Protocol, including with respect to the regulation of medicinal products in the UK. In particular, the MHRA is now responsible for approving all medicinal products destined for the UK market (i.e., Great Britain and Northern Ireland), and the EMA no longer has any role in approving medicinal products destined for Northern Ireland under the EU centralized procedure. A single UK-wide MA will be granted by the MHRA for all medicinal products to be sold in the UK, enabling products to be sold in a single pack and under a single authorization throughout the UK. In addition, the new arrangements require all medicines placed on the UK market to be labelled "UK only", indicating they are not for sale in the EU. However, although a separate authorization is now required to market medicinal products in the UK, under an international recognition procedure which was put in place by the MHRA on January 1, 2024, the MHRA may take into account decisions on the approval of an MA from the EMA (and certain other regulators) when considering an application for a UK MA.

Rest of world regulation

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

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

Additional regulation

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

Human Capital Resources

We believe the success of our mission largely depends on our ability to attract and retain highly skilled employees. We believe programs that foster company engagement, diversity, equity and inclusion, growth and development while providing competitive compensation and benefits will attract a diverse population of employees who will bring innovative ideas and creative solutions that will enable the achievement of our goals. Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and additional employees. The principal purposes of our equity incentive plans are to attract, retain and motivate selected employees, consultants and directors through the granting of stock-based compensation awards.

As of February 14, 2025, we employed 63 total employees, including 46 in research and development and 17 in general and administrative. 14 of our employees hold M.D. or Ph.D. degrees. We have never had a work stoppage, and none of our employees is represented by a labor organization or under any collective-bargaining arrangements. We consider our employee relations to be good.

Corporate Information

We were incorporated under the laws of the state of Delaware on in January 2017 as Pippin Pharmaceuticals, Inc. On May 16, 2018, we changed our name to Akero Therapeutics, Inc. Our mailing address and executive offices are located at 601 Gateway Boulevard, Suite 350, South San Francisco, California 94080 and our telephone number at that address is (650) 487-6488. We maintain an Internet website at the following address: www.akerotx.com. The information on our website is not incorporated by reference in this Annual Report on Form 10-K or in any other filings we make with the Securities and Exchange Commission, or SEC.

Available Information

We make available on or through our website certain reports and amendments to those reports that we file with or furnish to the SEC in accordance with the Securities Exchange Act of 1934, as amended. These include our annual reports on Form 10-K, our quarterly reports on Form 10-Q, and our current reports on Form 8-K, exhibits and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. We make this

information available on or through our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC.

A copy of our Corporate Governance Guidelines, Code of Business Conduct and Ethics and the charters of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are posted on our website, www.akerotx.com, under “Investors – Corporate Governance.”

The SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding us and other issuers that file electronically with the SEC. The SEC’s Internet website address is <http://www.sec.gov>.

Item 1A. Risk Factors.

In evaluating the Company and our business, careful consideration should be given to the following risk factors, in addition to the other information set forth in this Annual Report on Form 10-K and in other documents that we file with the SEC. Investing in our common stock involves a high degree of risk. If any of the following risks and uncertainties actually occur, our business, prospects, financial condition, results of operations and cash flow could be materially and adversely affected. The risks described below are not intended to be exhaustive and are not the only risks facing the Company. New risk factors can emerge from time to time, and it is not possible to predict the impact that any factor or combination of factors may have on our business, prospects, financial condition, results of operations or cash flow.

Risks Related to the Clinical Development and Manufacturing of our Product Candidate

Risks Related to Clinical Development

Enrollment and retention of patients in clinical trials is an expensive and time-consuming process and could be made more difficult or rendered impossible by multiple factors outside our control, including difficulties in identifying patients with MASH, significant competition for recruiting such patients in clinical trials, and restrictions on patients and investigators related to outbreaks of infectious diseases or public health crises.

Identifying and qualifying patients to participate in clinical trials is critical to our success. We may encounter delays in enrolling or be unable to enroll or retain a sufficient number of patients in our ongoing Phase 3 SYNCHRONY studies or any other future clinical trials. In particular, as a result of the inherent difficulties in diagnosing MASH and the significant competition for recruiting patients with MASH in clinical trials, there may be delays in enrolling the patients we need to complete clinical trials on a timely basis, or at all. In addition, enrollment in Phase 3 clinical trials may be adversely affected by the March 2024 marketing approval of Rezdiffra™ or the potential marketing approvals for one or more investigational MASH drugs.

Factors that may generally affect patient enrollment include:

- the size and nature of the patient population;
- the number and location of clinical sites we enroll;
- the impact of geopolitical tensions, such as the conflict in the Middle East, on clinical trial sites, such as those in Turkey and Israel, where clinical sites have been activated to participate in our Phase 3 SYNCHRONY program;
- the ability of our clinical sites to maintain adequate personnel;
- competition with other companies for clinical sites or patients;
- the eligibility and exclusion criteria for the trial;
- the design of the clinical trial;
- inability to obtain and maintain patient consents;
- risk that enrolled participants will drop out before completion;
- the availability of marketed therapies; and
- clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating.

In addition, if any significant adverse events or other side effects are observed in any of our clinical trials, it may make it more difficult for us to recruit patients to our clinical trials and patients may drop out of our trials, or we may be required to abandon the trials or our development efforts of one or more product candidates altogether. Our inability to enroll a sufficient number of patients for our clinical trials could result in significant delays, which would increase our costs and have an adverse effect on our company.

We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than us.

The biotechnology industry is intensely competitive and subject to rapid and significant technological change. Our competitors include multinational pharmaceutical companies, specialized biotechnology companies and universities

and other research institutions. We understand that a number of pharmaceutical companies, including AstraZeneca PLC/MedImmune LLC, Boehringer Ingelheim AG, Eisai, Inc., Eli Lilly and Company, GSK plc, Johnson & Johnson, Merck & Co., Inc., Novo Nordisk A/S, Pfizer Inc., Roche Holding AG, and Takeda Pharmaceutical Company Limited, as well as large and small biotechnology companies such as Aligos Therapeutics, Inc., Alnylam Pharmaceuticals, Inc., Altimimmune, Inc., Amgen, Inc., Arrowhead Pharmaceuticals, Inc., Boston Pharmaceuticals, Inc., Cirius Therapeutics, Inc., Corcept Therapeutics, Inc., D&D Pharmatech, Inc., Eccogene Co., Ltd., 89bio, Galectin Therapeutics Inc., Galmed Pharmaceuticals, Ltd., Hanmi Pharmaceutical Company, Ltd., HighTide Therapeutics, Inc., Inventiva Pharma SA, Ionis Pharmaceuticals, Inc., Madrigal Pharmaceuticals, Inc., MediciNova, Inc., NeuroBo Pharmaceuticals, Inc., North Sea Pharmaceuticals, OrsoBio, Inc., Poxel SA, Regeneron Pharmaceuticals, Inc., Sagimet Biosciences, Inc., Sciwind Biosciences Co., Ltd., Terns Pharmaceuticals, Inc., Viking Therapeutics, Inc. and Zhejiang Doer Biologics Co. Ltd. are or may be pursuing the development or marketing of pharmaceuticals that target MASH. It is also probable that the number of companies seeking to develop products and therapies for the treatment of serious metabolic diseases, such as MASH, will increase. Many of our competitors have substantially greater financial, technical, human and other resources than we do and may be better equipped to develop, manufacture and market technologically superior products. In addition, many of these competitors have significantly greater experience than we have in undertaking nonclinical studies and human clinical trials of new pharmaceutical products and in obtaining regulatory approvals of human therapeutic products. Accordingly, our competitors may succeed in obtaining FDA approval for superior products. In addition, many competitors have greater name recognition and more extensive collaborative relationships. Smaller and earlier-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies.

Our competitors may obtain regulatory approval of their products more rapidly than we do or may obtain patent protection or other intellectual property rights that limit our ability to develop or commercialize our product candidate or any future product candidates. Our competitors may also develop drugs that are more effective, more convenient, more widely used and less costly or have a better safety profile than our products and these competitors may also be more successful than we are in manufacturing and marketing their products. If we are unable to compete effectively against these companies, then we may not be able to commercialize our product candidate or any future product candidates or achieve a competitive position in the market. This would adversely affect our ability to generate revenue. Our competitors also compete with us in recruiting and retaining qualified scientific, management and commercial personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Failures or delays in the commencement or completion of, or ambiguous or negative results from our planned clinical trials of our product candidates could result in increased costs to us and could delay, prevent, or limit our ability to generate revenue and continue our business.

We do not know whether the Phase 3 SYNCHRONY program or any future clinical trials will enroll or be completed on schedule, if at all, as the commencement and completion of clinical trials can be delayed or prevented for a number of reasons, including, among others:

- the FDA or comparable foreign regulatory authorities may not authorize us or our investigators to commence our planned clinical trials or any other clinical trials we may initiate, or may suspend our clinical trials, for example, through imposition of a clinical hold, and may request additional data to permit allowance of our Investigational New Drug Application (“IND”);
- delays in filing or receiving allowance of additional INDs that may be required;
- lack of adequate funding to continue our clinical trials and nonclinical studies;
- negative results from our ongoing nonclinical studies;
- delays in reaching or failing to reach agreement on acceptable terms with prospective CROs and clinical study sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and study sites;
- inadequate quantity or quality of a product candidate or other materials necessary to conduct clinical trials, for example delays in the manufacturing of sufficient supply of finished drug product;
- difficulties obtaining ethics committee or Institutional Review Board (“IRB”) approval to conduct a clinical study at a prospective site or sites;
- challenges in recruiting and enrolling subjects to participate in clinical trials, the proximity of subjects to study sites, eligibility criteria for the clinical study, the nature of the clinical study protocol, the availability

of approved effective treatments for the relevant disease, and competition from other clinical study programs for similar indications;

- challenges and delays in activating planned clinical trial sites globally due to the impact of geopolitical tensions, including the escalating conflict in the Middle East;
- severe or unexpected drug-related side effects experienced by subjects in a clinical trial;
- we may decide, or regulatory authorities may require us, to conduct additional nonclinical or clinical trials or abandon product development programs;
- delays in validating, or inability to validate, any endpoints utilized in a clinical trial;
- the FDA or comparable foreign regulatory authorities may disagree with our clinical study design and our interpretation of data from clinical trials, or may change the requirements for approval even after it has reviewed and commented on the design for our clinical trials; and
- difficulties retaining subjects who have enrolled in a clinical trial but may be prone to withdrawal due to rigors of the clinical trials, lack of efficacy, side effects, personal issues, or loss of interest.

Clinical trials may also be delayed or terminated as a result of ambiguous or negative interim results. In addition, a clinical study may be suspended or terminated by us, the FDA or comparable foreign regulatory authorities, the IRBs at the sites where the IRBs are overseeing a clinical study, a data and safety monitoring board (“DSMB”) overseeing the clinical study at issue or other regulatory authorities due to a number of factors, including, among others:

- failure to conduct the clinical study in accordance with regulatory requirements or our clinical protocols;
- inspection of the clinical study operations or study sites by the FDA or other regulatory authorities that reveals deficiencies or violations that require us to undertake corrective action, including in response to the imposition of a clinical hold;
- unforeseen safety issues or safety signals, including any that could be identified in our ongoing nonclinical studies or clinical trials, adverse side effects or lack of effectiveness;
- changes in government regulations or administrative actions;
- problems with clinical supply materials; and
- lack of adequate funding to continue clinical trials.

Any inability to successfully complete nonclinical and clinical development could result in additional costs to us or impair our ability to generate revenue. In addition, if we make changes to a product candidate, such as the drug product-device combination being used in the Phase 3 SYNCHRONY program, we may need to conduct additional nonclinical studies or clinical trials to bridge or demonstrate the comparability of our modified product candidate to earlier versions, which could delay our clinical development plan or marketing approval for our current product candidate and any future product candidates. Clinical trial delays could also shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before we do, which could impair our ability to successfully commercialize our product candidates and may harm our business and results of operations.

Clinical development is uncertain and our clinical trials for EFX and any future product candidates may experience delays, which would adversely affect our ability to obtain regulatory approvals or commercialize these programs on a timely basis or at all, which would have an adverse effect on our business.

We cannot be sure that we will be able to continue development of EFX or submit INDs or similar applications for any future product candidates, on the timelines we expect, if at all. To proceed with our development plans and ultimately commercialization, we may need to conduct and meet regulatory requirements for additional preclinical studies and clinical trials. We cannot be certain of the timely completion or outcomes of our preclinical testing and studies and cannot predict if the FDA or other regulatory authorities will accept our proposed clinical programs or if the outcomes of our preclinical studies and clinical trials will enable any future clinical trials to begin under a proposed protocol.

We rely and will continue to rely on third parties to conduct our clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines or comply with regulatory requirements, we may not be able to obtain regulatory approval of or commercialize any potential product candidates.

We depend and will continue to depend upon third parties, including independent investigators, to conduct our clinical trials under agreements with universities, medical institutions, CROs, strategic partners and others. We expect to

have to negotiate budgets and contracts with CROs and trial sites, which may result in delays to our development timelines and increased costs.

We rely heavily on third parties over the course of our clinical trials, and, as a result, have limited control over the clinical investigators and limited visibility into their day-to-day activities, including with respect to their compliance with approved clinical trial protocols. Nevertheless, our reliance on third parties does not relieve us of our regulatory responsibilities and we are responsible for ensuring that each of our trials is conducted in accordance with the applicable protocol, legal and regulatory requirements and scientific standards. We and these third parties are required to comply with good clinical practice (“GCP”) requirements, which are regulations and guidelines enforced by the FDA and comparable foreign regulatory authorities for product candidates in clinical development. Regulatory authorities enforce these GCP requirements through periodic inspections of trial sponsors, clinical investigators and trial sites. If we or any of these third parties fail to comply with applicable GCP requirements, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to suspend or terminate these trials or perform additional nonclinical studies or clinical trials before approving our marketing applications. We cannot be certain that, upon inspection, regulatory authorities will determine that any of our clinical trials comply with the GCP requirements. In addition, our clinical trials must be conducted with products produced under current good manufacturing practice (“cGMP”) requirements and may require a large number of patients. Our failure or any failure by these third parties to comply with these applicable regulations or to recruit a sufficient number of patients may require us to repeat clinical trials, which would delay the regulatory approval process. Moreover, our business may be implicated if any of these third parties violates federal or state fraud and abuse or false claims laws and regulations or healthcare privacy and security laws.

The third parties who conduct our clinical trials are not our employees and, except for remedies that may be available to us under our agreements with those third parties, we cannot control whether or not they devote sufficient time and resources to our ongoing nonclinical and clinical programs. These third parties may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials or other product development activities, which could affect their performance on our behalf. If these third parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to complete development of, obtain regulatory approval of or successfully commercialize our product candidates in a timely manner or at all. As a result, our financial results and the commercial prospects for our product candidates would be harmed, our costs could increase and our ability to generate revenue could be delayed.

If any of our relationships with these third-party CROs or others terminate, we may not be able to enter into arrangements with alternative CROs or other third parties or to do so on commercially reasonable terms. Switching or adding additional CROs involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new CRO begins work. As a result, delays may occur, which can materially impact our ability to meet our desired clinical development timelines. Though we carefully manage our relationships with our CROs, there can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects.

If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines or if the quality or accuracy of the clinical data they obtain is compromised due to the failure (including by clinical sites or investigators) to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. As a result, our results of operations and the commercial prospects for our product candidates would be harmed, our costs could increase substantially and our ability to generate revenues could be delayed significantly.

Risks Related to the Manufacturing of our Product Candidate

The manufacture of our product candidates is complex and we may encounter difficulties in production. If we or any of our third-party manufacturers encounter such difficulties, or fail to meet rigorously enforced regulatory

standards, our ability to provide supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or stopped, or we may be unable to maintain a commercially viable cost structure.

The processes involved in manufacturing our product candidates, including pre-filled, dual-chamber syringe presentations of our product candidates, are complex, expensive, highly regulated, and subject to multiple risks. Further, as product candidates are developed through nonclinical studies to late-stage clinical trials towards approval and commercialization, it is common that various aspects of the development program, such as manufacturing methods, are altered along the way in an effort to optimize processes and results. Such changes carry the risk that they will not achieve these intended objectives, and any of these changes could cause our product candidates to perform differently and affect the results of planned clinical trials or other future clinical trials.

In addition, the manufacturing process for any products that we may develop is subject to FDA and other comparable foreign regulatory authority approval processes and continuous oversight, and we will need to contract with manufacturers who can meet all applicable FDA and foreign regulatory authority requirements, including, for example, complying with cGMP, applicable product tracking and tracing requirements and applicable Quality System Regulation (“QSRs”), on an ongoing basis. If we or our third-party manufacturers are unable to reliably produce products to specifications acceptable to the FDA or other regulatory authorities, we may not obtain or maintain the approvals we need to commercialize such products. Even if we obtain regulatory approval for any of our product candidates, there is no assurance that either we or our contract 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. Any of these challenges could delay completion of clinical trials, require bridging or comparability nonclinical or clinical trials or the repetition of one or more clinical trials, increase clinical study costs, delay approval of our product candidate, impair commercialization efforts, increase our cost of goods, and have an adverse effect on our business, financial condition, results of operations, and growth prospects.

We are subject to many manufacturing risks, any of which could substantially increase our costs, delay clinical programs and limit supply of our product candidates.

We have contracted with a third-party manufacturer, Boehringer Ingelheim, to make EFX drug substance (active pharmaceutical ingredient (“API”)) and with another third-party manufacturer, Vetter Pharma International GmbH, or Vetter, to manufacture EFX drug product (“DP”) including a DP-device combination for use in Phase 3 studies. We have successfully manufactured API and a DP-device combination under GMP conditions, each of which have been released for use in our ongoing Phase 3 SYNCHRONY program. The formulation used for API manufacture has been modified to enable production of a lyophilized DP rather than the frozen liquid used in Phase 2b studies. This change improves long-term pharmaceutical stability of the DP, making it suitable as the potential commercial presentation. A program of pharmaceutical and clinical studies has shown that the DP-device presentation being used in Phase 3 studies is comparable to that used for Phase 2b studies. We have begun negotiating terms for commercial supply with each of Boehringer Ingelheim and Vetter and expect to enter into final agreements prior to readout of the Phase 3 SYNCHRONY Histology study.

The process of manufacturing our product candidates is complex, highly regulated and subject to several risks, including:

- the manufacturing process is susceptible to product loss due to contamination by adventitious microorganisms, equipment failure, improper installation or operation of equipment, vendor or operator error and improper storage conditions. Even minor deviations from normal manufacturing processes could result in reduced production yields and quality as well as other supply disruptions. If microbial, viral, or other contaminants are discovered in our products or in the manufacturing facilities in which our products are made, the manufacturing facilities may need to be closed for an extended period of time to investigate and eliminate the contamination;
- the manufacturing facilities in which our products are made could be adversely affected by equipment failures, labor and raw material shortages, pandemics, epidemics, or outbreaks of infectious disease, financial difficulties of our contract manufacturers, natural disasters, power failures, local political unrest and numerous other factors; and
- any adverse developments affecting manufacturing operations for our products may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls or other interruptions in the supply of our products. We may also have to record inventory write-offs and incur other charges and expenses for

products that fail to meet specifications, undertake costly remediation efforts or seek more expensive manufacturing alternatives.

The manufacture of EFX requires significant expertise and capital investment, including the development of advanced manufacturing techniques and in-process controls. Manufacturers of these products sometimes encounter difficulties in production, especially during scale-up from the manufacturing process used for early clinical trials to a validated and qualified process needed for pivotal clinical trials and commercial launch. These problems include failure to meet target production costs and yields, failure to meet product release specifications, including stability of the product, quality assurance system failures, operator error and shortages of qualified personnel, as well as compliance with strictly enforced federal, state and foreign regulations. We cannot assure you that any product quality issues relating to the manufacture of our product candidate or any future product candidates will not occur in the future.

We do not have, and we do not currently plan to acquire or build the facilities or internal capabilities to manufacture bulk drug substance, finished drug product or delivery device for use in clinical trials or commercialization. To a large extent, that makes us dependent on the goodwill of our contract manufacturing partners to quickly fix deviations that will inevitably occur during the manufacturing of our product and to manufacture API and/or the DP-device combination in sufficient quantities to meet commercial demand, if approved for marketing. Any delay or interruption in the supply of clinical trial materials on our contract manufacturing partners, could delay the completion of 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 altogether. A new lyophilized EFX DP-device combination product for commercial use is being evaluated in the Phase 3 SYNCHRONY program.

We contract with third parties for the manufacture of EFX and the delivery device utilized for EFX and expect to continue to do so for future clinical trials and for commercialization of EFX as well as for any future product candidates. This reliance on third parties increases the risk that we will not have sufficient quantities of EFX, or the delivery devices utilized for EFX, or any future product candidates or medicines or that such supply will not be available to us at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts.

We do not have any manufacturing facilities. We currently rely, and expect to continue to rely, on third-party manufacturers for the manufacture of EFX, delivery devices utilized for EFX or any future product candidates for nonclinical and clinical testing and for commercial supply of any of these product candidates for which we obtain marketing approval. Reliance on third-party manufacturers may expose us to different risks than if we were to manufacture product candidates ourselves. To the extent any issues arise with our third-party manufacturers, we may be unable to establish any agreements with any other third-party manufacturers or to do so on acceptable terms. Even if we are able to establish agreements with third-party manufacturers, reliance on third-party manufacturers entails additional risks, including:

- the possible breach of the manufacturing agreement by the third party;
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us; and
- reliance on the third party for regulatory compliance, quality assurance and safety and pharmacovigilance reporting.

Third-party manufacturers may not be able to comply with cGMP regulations or similar regulatory requirements outside the United States. For our product candidates that are biologic-device combination products, third-party manufacturers may not be able to comply with cGMP regulatory requirements applicable to biologic-device combination products, including applicable provisions of the FDA's drug product cGMP regulations, device cGMP requirements embodied in the FDA's QSR or similar regulatory requirements outside the United States. Our failure, or the failure of third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates or medicines, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our medicines and harm our business and results of operations.

If any CMO with whom we contract fails to perform its obligations, we may be forced to manufacture the materials ourselves, for which we may not have the capabilities or resources, or enter into an agreement with a different

CMO, which we may not be able to do on reasonable terms, if at all. In either scenario, our clinical trials supply could be delayed significantly as we establish alternative supply sources. In some cases, the technical skills required to manufacture our product candidates may be unique or proprietary to the original CMO and we may have difficulty, or there may be contractual restrictions prohibiting us from, transferring such skills to a back-up or alternate supplier, or we may be unable to transfer such skills at all. In addition, if we are required to change CMOs for any reason, we will be required to verify that the new CMO maintains facilities and procedures that comply with quality standards and with all applicable regulations. We will also need to verify, such as through an analytical comparability study, that any new manufacturing process will produce our product candidate according to the specifications previously submitted to or approved by the FDA or another regulatory authority. The delays associated with the verification of a new CMO could negatively affect our ability to develop product candidates or commercialize our products in a timely manner or within budget. Furthermore, a CMO may possess technology related to the manufacture of our product candidate that such CMO owns independently. This would increase our reliance on such CMO or require us to obtain a license from such CMO in order to have another CMO manufacture our product candidates. In addition, in the case of CMOs that supply our product candidate, changes in manufacturers often involve changes in manufacturing procedures and processes, which could require that we conduct bridging studies between our prior clinical supply used in our clinical trials and that of any new manufacturer. We may be unsuccessful in demonstrating the comparability of clinical supplies which could require the conduct of additional clinical trials. Any medicines that we may develop may compete with other product candidates and products for access to manufacturing facilities. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us.

Any performance failure on the part of our existing or future manufacturers could delay clinical development or marketing approval. We do not currently have arrangements in place for redundant supply of bulk drug substance or for the manufacture of our drug product-delivery device combination. If any one of our current contract manufacturers cannot perform as agreed to support our ongoing clinical trials or as needed to meet potential commercial demand if EFX is approved, we may be required to replace that manufacturer. Although we believe that there potentially are alternative manufacturers who could manufacture our drug substance or drug product-delivery device combination or any future product candidates, we may incur added costs and delays in identifying and qualifying any such replacement.

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

Risks Related to Our Business, Industry and Intellectual Property

Risks Related to Business Development

We are heavily dependent on the success of EFX, our only product candidate.

We currently have no products that are approved for commercial sale and may never be able to develop marketable products. We expect that a substantial portion of our efforts and expenditures over the next several years will be devoted to EFX, which is currently our only product candidate. Accordingly, our business currently depends heavily on the successful development, regulatory approval, and commercialization of EFX. We cannot be certain that EFX will receive regulatory approval or be successfully commercialized even if we receive regulatory approval. If we were required to discontinue development of EFX or if EFX does not receive regulatory approval or fails to achieve significant market acceptance, we would be delayed by many years in our ability to achieve profitability, if ever.

The research, testing, manufacturing, safety, efficacy, labeling, approval, sale, marketing, and distribution of EFX is, and will remain, subject to comprehensive regulation by the FDA and foreign regulatory authorities. Failure to obtain regulatory approval for EFX in the United States, Europe, Japan or other jurisdictions will prevent us from commercializing and marketing EFX in such jurisdictions.

Clinical development of EFX prior to the BALANCED study was conducted by Amgen, Inc. (“Amgen”) in patients with type 2 diabetes. We did not conduct any of the development of EFX related to clinical trials in patients with T2D, and we have relied on Amgen to have conducted such research and development in accordance with the applicable protocol, legal, regulatory, and scientific standards, have accurately reported the results of all nonclinical studies and clinical trials conducted prior to our license of EFX, and have correctly collected and interpreted the data from these

studies and trials. To the extent any of the foregoing has not occurred, our expected development time and development costs for EFX may be increased.

Even if we were to successfully obtain approval from the FDA and foreign regulatory authorities for EFX, any approval might contain significant limitations related to use, including limitations on the stage of disease EFX is approved to treat, as well as restrictions for specified age groups, warnings, precautions or contraindications. Furthermore, even if we obtain regulatory approval for EFX, we will still need to develop a commercial infrastructure or develop relationships with collaborators to commercialize, establish a commercially viable pricing structure and obtain coverage and adequate reimbursement from third-party payors, including government healthcare programs. If we, or any future collaborators, are unable to successfully commercialize EFX, we may not be able to generate sufficient revenue to continue our business.

We have expended and will continue to expend our limited resources to pursue a particular therapeutic candidate or indication, such as our focus on developing EFX for the treatment of MASH, and may fail to capitalize on therapeutic candidates or indications that may be more profitable or for which there is a greater likelihood of success.

We have focused our extensive research and development efforts on EFX for the treatment of MASH. Therefore, we have, and in the future may, forego or delay pursuit of opportunities with other therapeutic candidates or for other indications that later prove to have greater commercial potential. We are highly dependent on the success of the future clinical trials of EFX, the outcomes of which are uncertain. Because EFX is our first and only therapeutic candidate, if it encounters safety, efficacy, supply or manufacturing problems, developmental delays, regulatory or commercialization issues or other problems, the value of our platform could be greatly diminished and our development plans could be curtailed and our business would be significantly harmed.

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 EFX for the treatment of MASH may not yield any commercially viable therapeutic candidates. If we do not accurately evaluate the commercial potential or target market for a particular therapeutic candidate or misread trends in the biopharmaceutical industry, in particular for serious metabolic diseases, we may relinquish valuable rights to that therapeutic 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 therapeutic candidate.

At any time and for any reason, we may determine that one or more of our discovery programs or pre-clinical or clinical therapeutic candidates or programs does not have sufficient potential to warrant the allocation of resources toward such program or therapeutic candidate. Accordingly, we may choose not to develop a potential therapeutic candidate or elect to suspend, deprioritize or terminate one or more of our discovery programs or preclinical or clinical therapeutic candidates or programs. Suspending, deprioritizing or terminating a program or therapeutic candidate in which we have invested significant resources, means we will have expended resources on a program that will not provide a full return on our investment and may have missed the opportunity to have allocated those resources to potentially more productive uses, including existing or future programs or therapeutic candidates.

If we fail to develop and successfully commercialize other product candidates, our business and future prospects may be harmed and our business will be more vulnerable to any problems that we encounter in developing and commercializing our product candidate.

Our product candidate and any future product candidates must undergo rigorous clinical trials and regulatory approvals, and success in nonclinical studies or earlier-stage clinical trials may not be indicative of results in future clinical trials. EFX and any future product candidates will be subject to rigorous and extensive clinical trials and extensive regulatory approval processes implemented by the FDA and similar regulatory bodies in other jurisdictions. The approval process is typically lengthy and expensive, and approval is never certain. As a company, our only experience with clinical trials is our completed Phase 2 BALANCED, HARMONY, and SYMMETRY studies, and we have not yet completed the clinical trials required to obtain regulatory approval. We may not be able to conduct clinical trials at preferred sites, enlist clinical investigators, enroll sufficient numbers of participants or begin or successfully complete clinical trials in a timely fashion, if at all. Our anticipated clinical trials, including our ongoing SYNCHRONY Phase 3 trials, for which we dosed the first patients in the fourth quarter of 2023, may be insufficient to demonstrate that

our potential products will be safe or effective. Additional clinical trials may be required if clinical trial results are negative or inconclusive, which will require us to incur additional costs and significant delays.

Success in nonclinical studies and earlier-stage clinical trials does not ensure that later clinical trials will generate the same results or otherwise provide adequate data to demonstrate the effectiveness and safety of a product candidate. In addition, 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. We may be unable to design and execute a clinical trial to support regulatory approval for a MASH therapy. In addition, there is a high failure rate for drugs and products proceeding through clinical trials. In fact, many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials even after achieving promising results in nonclinical studies and earlier-stage clinical trials. Similarly, the outcome of nonclinical studies may not predict the success of clinical trials. Moreover, data obtained from nonclinical and clinical activities are subject to varying interpretations, which may delay, limit or prevent regulatory approval. In addition, we may experience regulatory delays or rejections as a result of many factors, including due to changes in regulatory policy during the period of our product development. Additionally, we are developing a pre-filled, dual-chamber syringe presentation of EFX that is considered to be a biologic-device combination product by the FDA, and any biologics license application for EFX will require review and coordination by FDA's drug and device centers prior to approval. Any such delays could negatively impact our business, financial condition, results of operations and prospects. From time to time, we may publish interim 'top-line' or preliminary data from our clinical trials. Preliminary or interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Preliminary or interim data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, interim and preliminary data should be viewed with caution until the final data are available. Adverse differences between preliminary or interim data and final data could significantly harm our business and financial prospects.

In addition, certain of our hypotheses regarding the potential clinical and therapeutic benefit of EFX compared to other candidates in development for MASH are based on cross-trial comparisons of results that were not derived from head-to-head preclinical studies or clinical trials. These observations, which do not reflect robust comparative analyses, may suggest misleading similarities or differences due to differences in study protocols, conditions and patient populations, and may not be reliable predictors of the relative efficacy or other benefits of EFX compared to other product candidates that are in development for the treatment of MASH.

We may develop EFX, and potentially future product candidates, in combination with other therapies, which exposes us to additional risks.

We may develop EFX and future product candidates in combination with one or more approved therapies. Even if any product candidate we develop were to receive marketing approval or be commercialized for use in combination with other existing therapies, we would continue to be subject to the risks that the FDA or similar regulatory authorities outside of the United States could revoke approval of the therapy used in combination with our product candidate or that safety, efficacy, manufacturing or supply issues could arise with these existing therapies. This could result in our own products being removed from the market or being less successful commercially.

We may also evaluate EFX or any other future product candidates in combination with one or more other therapies that have not yet been approved for marketing by the FDA or similar regulatory authorities outside of the United States. We will not be able to market and sell EFX or any product candidate we develop in combination with any such unapproved therapies that do not ultimately obtain marketing approval. If the FDA or similar regulatory authorities outside of the United States do not approve these other drugs or revoke their approval, or if safety, efficacy, manufacturing, or supply issues arise with the drugs we choose to evaluate in combination with EFX or any other

product candidate we develop, we may be unable to obtain approval of or market EFX or any other product candidate we develop.

If we are not successful in discovering, developing, receiving regulatory approval for and commercializing EFX and any future product candidates, our ability to expand our business and achieve our strategic objectives would be impaired.

Although we plan to devote a majority of our resources to the continued nonclinical and clinical testing and potential approval of EFX for the treatment of patients with MASH, another key element of our strategy is to discover, develop and commercialize a portfolio of products. We are seeking to do so through the identification and potential development of additional pipeline programs, but our resources are limited, and those that we have are geared towards nonclinical and clinical testing and seeking regulatory approval of EFX for the treatment of patients with MASH. We may also explore strategic collaborations for the development or acquisition of new product candidates, but we may not be successful in entering into such relationships. EFX is our only product candidate in clinical stages of development. Research programs to identify product candidates require substantial technical, financial and human resources, regardless of whether any product candidates are ultimately identified. Our research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development for many reasons, including:

- the research methodology used may not be successful in identifying potential product candidates;
- competitors may develop alternatives that render our product candidates obsolete;
- product candidates we develop may nevertheless be covered by third parties' patents or other exclusive rights;
- a product candidate may, on further study, be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria;
- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all;
- an approved product may not be accepted as safe and effective by trial participants, the medical community or third-party payors; and
- intellectual property or other proprietary rights of third parties for product candidates we develop may potentially block our entry into certain markets or make such entry economically impracticable.

Risks Related to our License and Third-Parties

We may be required to make significant payments under our license agreement for EFX.

We acquired worldwide, exclusive rights to EFX pursuant to our license agreement with Amgen, which we refer to as the Amgen Agreement. Under the Amgen Agreement, in consideration for the license, we made an upfront payment of \$5.0 million to Amgen and also issued 2,653,333 shares of our Series A convertible preferred stock to Amgen at the time of the initial closing of our Series A Preferred Stock financing in June 2018, with a subsequent 3,205,128 shares of our Series A convertible preferred stock issued at the time of the second closing of the Series A Preferred Stock financing in November 2018. On July 2, 2019, we announced the dosing of the first patient in the BALANCED study of EFX, which resulted in a \$2.5 million milestone obligation under the Amgen Agreement. Additionally, we paid Amgen \$7.5 million in December 2023 in connection with dosing the first patient in our Phase 3 SYNCHRONY program. As additional consideration for the license, we are required to pay Amgen up to \$30.0 million in connection with marketing approvals and aggregate milestone payments of up to \$75.0 million upon the achievement of specified commercial milestones. Commencing on the first commercial sale of licensed products, we are obligated to pay tiered royalties of low to high single-digit percentages on annual net sales of the products covered by the license. If milestone or other non-royalty obligations become due, we may not have sufficient funds available to meet our obligations, which will materially adversely affect our business operations and financial condition.

If we breach our license agreement with Amgen related to EFX, we could lose the ability to continue the development and commercialization of EFX.

We are dependent on patents, know-how and proprietary technology in-licensed from Amgen. Our commercial success depends upon our ability to develop, manufacture, market and sell our product candidate or any future product candidates and use our and our licensor's proprietary technologies without infringing the proprietary rights of third

parties. Amgen may have the right to terminate the license agreement in full in the event we materially breach or default in the performance of any of the obligations under the license agreement. A termination of the license agreement with Amgen could result in the loss of significant rights and could harm our ability to commercialize our product candidates.

Disputes may also arise between us and Amgen, as well as any future potential licensors, regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether and the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- our right to sublicense patent and other rights to third parties under collaborative development relationships;
- our diligence obligations with respect to the use of the licensed technology in relation to our development and commercialization of our product candidate and what activities satisfy those diligence obligations; and
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners.

If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates.

In addition, the Amgen Agreement under which we currently license intellectual property is complex, and certain provisions 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 increase what we believe to be our financial or other obligations under the Amgen 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 arrangement 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 are generally also subject to all of the same risks with respect to protection of intellectual property that we license, as we are for intellectual property that we own, which are described below. If we or our licensors fail to adequately protect this intellectual property, our ability to commercialize products could suffer.

We may seek to establish collaborations, and, if we are not able to establish them on commercially reasonable terms, we may have to alter our development and commercialization plans.

We may pursue collaborations in order to develop and commercialize EFX and any future product candidates. We face significant competition in seeking appropriate collaborators. Whether we reach a definitive agreement for a collaboration will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's evaluation of a number of factors. Those 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 and 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. The collaborators may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with us for our product candidate.

Collaborations are complex and time-consuming to negotiate and document. In addition, there have been a significant number of business combinations among large pharmaceutical companies that have resulted in a reduced number of potential future collaborators.

We may not be able to negotiate collaborations on a timely basis, on acceptable terms, or at all. If we are unable to do so, we may have to curtail the development of the product candidate for which we are seeking to collaborate, reduce or delay its development program or one or more of our other development programs, delay its potential

commercialization or reduce the scope of any sales or marketing activities or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms, or at all. If we do not have sufficient funds, we may not be able to further develop our product candidate or any future product candidates or bring them to market and generate product revenue.

Risks Related to Employee Matters and Growth

We must attract and retain highly skilled employees in order to succeed. If we are not able to retain our current senior management team and our scientific advisors or continue to attract and retain qualified scientific, technical and business personnel, our business will suffer.

To succeed, we must recruit, retain, manage and motivate qualified clinical, scientific, technical and management personnel and we face significant competition for experienced personnel. If we do not succeed in attracting and retaining qualified personnel, particularly at the management level, it could adversely affect our ability to execute our business plan and harm our operating results. We are dependent on the members of our management team and our scientific advisors for our business success. We do not maintain “key person” insurance for any of our key personnel. An important element of our strategy is to take advantage of the research and development expertise of our current management and to utilize the expertise of our scientific advisors in the MASH field. We currently have employment agreements with all of our executive officers. Our employment agreements with our executive officers are terminable by them without notice and some provide for severance and change in control benefits. The loss of any one of our executive officers or key scientific consultants could result in a significant loss in the knowledge and experience that we, as an organization, possess and could cause significant delays, or outright failure, in the development and further commercialization of our product candidate or any future product candidates.

There is intense competition for qualified personnel, including management, in the technical fields in which we operate, and we may not be able to attract and retain qualified personnel necessary for the successful research, development and commercialization of EFX or any future product candidates. In particular, we have experienced a very competitive hiring environment in the San Francisco Bay Area, where we are headquartered. Many of the other pharmaceutical companies that we compete against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than we do. They also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high-quality candidates than what we have to offer. If we are unable to continue to attract and retain high-quality personnel, the rate and success with which we can discover and develop product candidates and our business will be limited.

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

We cannot ensure that our compliance controls, policies, and procedures will in every instance protect us from acts committed by our employees, agents, contractors, or collaborators that would violate the law or regulation, including, without limitation, healthcare, employment, foreign corrupt practices, environmental, competition, and patient privacy and other privacy laws and regulations. Such improper actions could subject us to civil or criminal investigations, and monetary and injunctive penalties, and could adversely impact our ability to conduct business, operating results, and reputation.

We are exposed to the risk of employee fraud or other illegal activity by our employees, independent contractors, consultants, commercial partners and vendors. Misconduct by these parties could include intentional, reckless and/or negligent conduct that fails to comply with the laws enforced by the FDA and other similar foreign regulatory bodies, fails to provide true, complete and accurate information to the FDA and other similar foreign regulatory bodies, fails to comply with manufacturing standards we have established, fails to comply with healthcare fraud and abuse laws in the United States and similar foreign laws, or fails to report financial information or data accurately or to disclose unauthorized activities to us. If we obtain FDA approval of any of our product candidates and begin commercializing those products in the United States, our potential exposure under these laws will increase significantly, and our costs associated with compliance with these laws are also likely to increase. Additionally, we are subject to the risk that a person could allege such fraud or other misconduct, even if none occurred. These laws may impact, among other things, our current activities with principal investigators and research patients, as well as proposed and future sales, marketing and education programs. If any such actions are instituted against us, and we are not

successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations. 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 government investigations or other actions or lawsuits stemming from a failure to comply with these 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 result in significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid, integrity oversight and reporting obligations, and the curtailment or restructuring of our operations.

We may encounter difficulties in managing our growth, which could adversely affect our operations.

As of February 14, 2025, we had 63 full-time employees. As we continue development and pursue the potential commercialization of EFX and other product candidates, as well as function as a public company, we will need to expand our financial, development, regulatory, manufacturing, marketing and sales capabilities or contract with third parties to provide these capabilities for us. As our operations expand, we expect that we will need to manage additional relationships with various strategic collaborators, suppliers and other third parties. Our future financial performance and our ability to develop and commercialize our product candidate and to compete effectively will depend, in part, on our ability to manage any future growth effectively.

We may acquire additional technology and complementary businesses in the future. Acquisitions involve many risks, any of which could materially harm our business, including the diversion of management's attention from core business concerns, failure to effectively exploit acquired technologies, failure to successfully integrate the acquired business or realize expected synergies or the loss of key employees from either our business or the acquired businesses.

Risks Related to Protecting Our Intellectual Property

Our success depends upon our ability to obtain and maintain intellectual property protection for our products and technologies. It is difficult and costly to protect our proprietary rights and technology, and we may not be able to ensure their protection.

Our success will depend in significant part on our and our current or future licensors', licensees' or collaborators' ability to establish and maintain adequate protection of our intellectual property covering the product candidates we plan to develop, and the ability to develop these product candidates and commercialize the products resulting therefrom, without infringing the intellectual property rights of others. We strive to protect and enhance the proprietary technologies that we believe are important to our business, including seeking patents intended to cover our products and compositions, their methods of use, and any other inventions that are important to the development of our business. In addition to taking other steps to protect our intellectual property, we have applied for, and intend to continue to apply for, patents with claims covering our technologies, processes and product candidates when and where we deem it appropriate to do so. Our in-licensed patents and patent applications in both United States and certain foreign jurisdictions relate to EFX and related Fc-fusion polypeptides. There can be no assurance that the claims of our patents or any patent application that issues as a patent, will exclude others from making, using or selling our product candidate or any future product candidates or products that are substantially similar to our product candidate or any future product candidates. We also rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection. In countries where we have not and do not seek patent protection, third parties may be able to manufacture and sell our product candidate or any future product candidates without our permission, and we may not be able to stop them from doing so.

With respect to patent rights, we do not know whether any of the pending patent applications for our product candidate or any future product candidates will result in the issuance of patents that effectively protect our technologies, processes and product candidates, or if any of our issued patents or our current or future licensors', licensees' or collaborators' issued patents will effectively prevent others from commercializing competitive technologies, processes and products. 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, until they are issued as a patent. Therefore, we cannot be certain that we or our current or future licensors, licensees or collaborators were the first to make or file on the inventions claimed in our owned or licensed patents or pending patent applications, or that we or our current or future licensors, licensees or collaborators were the first to file for patent protection of such inventions. There is also no assurance that all of the potentially relevant prior art relating to our patents and patent applications has been found, which could be used by a third party to challenge the validity of our patents, should they issue, or prevent a patent from issuing from a pending patent application. Any of the foregoing could harm our competitive position, business, financial condition, results of operations, and prospects.

Any changes we make to our product candidate or any future product candidates, including formulations that may be required for commercialization, or that cause them to have what we view as more advantageous properties may not be covered by our existing patents and patent applications, and we may be required to file new applications and/or seek other forms of protection for any such altered product candidates. The patent landscape surrounding the technology underlying our product candidate or any future product candidates is crowded, and there can be no assurance that we would be able to secure patent protection that would adequately cover an alternative to our product candidate or any future product candidates.

The patent prosecution process is expensive and time-consuming, and we and our current or future licensors, licensees or collaborators may not be able to prepare, file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we or our current or future licensors, licensees or collaborators will fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection for them. Moreover, in some circumstances, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain or enforce the patents, covering technology that we license from or license to third parties and may be reliant on our current or future licensors, licensees or collaborators to perform these activities, which means that these patent applications may not be prosecuted, and these patents enforced, in a manner consistent with the best interests of our business. If our current or future licensors, licensees or collaborators fail to establish, maintain, protect or enforce such patents and other intellectual property rights, such rights may be reduced or eliminated. If our current or future licensors, licensees or collaborators are not fully cooperative or disagree with us as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised.

The patent positions of biotechnology and pharmaceutical companies, including our patent position, involve complex legal and factual questions, which in recent years have been the subject of much litigation, and, therefore, the issuance, scope, validity, enforceability, and commercial value of any patent claims that we have rights or may obtain cannot be predicted with certainty. No consistent policy regarding the breadth of claims allowed in biotechnology and pharmaceutical patents has emerged to date in the United States or in many foreign jurisdictions. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection. As a result, the issuance, scope, validity, enforceability and commercial value of our and our current or future licensors', licensees' or collaborators' patent rights are highly uncertain. Our and our current or future licensors', licensees' or collaborators' pending and future patent applications may not result in patents being issued that protect our technology or product candidates, or products resulting therefrom, in whole or in part, or that effectively prevent others from commercializing competitive technologies and products. The patent examination process may require us or our current or future licensors, licensees or collaborators to narrow the scope of the claims of pending and future patent applications, which would limit the scope of patent protection that is obtained, if any. Our and our current or future licensors', licensees' or collaborators' patent applications cannot be enforced against third parties practicing the technology that is currently claimed in such applications unless and until a patent issues from such applications, and then only to the extent the claims that issue are broad enough to cover the technology being practiced by third parties.

Furthermore, given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after the resulting products are commercialized. As a result, our owned and in-licensed patents may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. We expect to seek extensions of patent terms for our issued patents, where available. This includes in the United States under the Hatch-Waxman Act, which permits a patent term extension of up to five years beyond the original expiration date of the patent as compensation for regulatory delays. However, such a patent term extension cannot lengthen the remaining term of a patent beyond a total of 14 years from the product's approval date. Only one patent applicable to an approved drug is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent and within 60 days of product

approval. During the period of patent term extension, the claims of a patent are not enforceable for their full scope but are instead limited to the scope of the approved product. In addition, the applicable authorities, including the FDA in the United States, and any equivalent regulatory authority in other countries, may not agree with our assessment of whether such extensions are available, and may refuse to grant extensions to our patents, or may grant more limited extensions than we request. In addition, we may not be granted an extension because of, for example, failing to apply within applicable deadlines, failing to apply prior to the expiration of relevant patents or otherwise failing to satisfy applicable requirements. If this occurs, any period during which we have the right to exclusively market our product will be shorter than we would otherwise expect, and our competitors may obtain approval of and launch products earlier than might otherwise be the case.

Patent terms may be inadequate to protect our competitive position on our product candidate or any future 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. A number of U.S. patents directed to various aspects of EFX will expire in 2029; we currently anticipate that a composition of matter patent will be eligible for patent term extension to 2034. Even if patents covering our product candidate or any future product candidate are obtained, once the patent life has expired, we may be open to competition from competitive products. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting our product candidate or any future product candidate might expire before or shortly after we or our partners commercialize those candidates. 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.

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

The legal protection afforded to inventors and owners of intellectual property in countries outside of the United States may not be as protective or effective as that in the United States and we may, therefore, be unable to acquire and enforce intellectual property rights outside the United States to the same extent as in the United States. Whether filed in the United States or abroad, our patent applications may be challenged or may fail to result in issued patents.

In addition, our existing patents and any future patents we obtain may not be sufficiently broad to prevent others from practicing our technologies or from developing or commercializing competing products. Furthermore, others may independently develop or commercialize similar or alternative technologies or drugs, or design around our patents. Our patents may be challenged, invalidated, circumvented or narrowed, or fail to provide us with any competitive advantages. In many foreign countries, patent applications and/or issued patents, or parts thereof, must be translated into the native language. If our patent applications or issued patents are translated incorrectly, they may not adequately cover our technologies; in some countries, it may not be possible to rectify an incorrect translation, which may result in patent protection that does not adequately cover our technologies in those countries.

Filing, prosecuting, enforcing and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States are less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and certain state laws in the United States. Consequently, we and our licensor may not be able to prevent third parties from practicing our and our licensor's inventions in all countries outside the United States, or from selling or importing products made using our and our licensor's inventions in and into the United States or other jurisdictions. For example, the complexity and uncertainty of European patent laws have increased in recent years. In Europe, the new unitary patent system that came into effect in 2023 would significantly impact European patents, including those granted before the introduction of such a system. Under the unitary patent system, European applications will have the option, upon grant of a patent, of becoming a Unitary Patent which will be subject to the jurisdiction of the Unitary Patent Court ("UPC"). As the UPC is a new court system, there is no precedent for the court, increasing the uncertainty of any litigation. Patents that remain under the jurisdiction of the UPC will be potentially vulnerable to a single UPC-based revocation challenge that, if successful, could invalidate the patent in all countries who are signatories to the UPC. We cannot predict with certainty the long-term effects of any potential changes. Competitors may use our and our licensor's technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we and our licensor have patent protection, but enforcement is not as strong as that in the United States. These products may

compete with our product candidate or any future product candidates and our and our licensor's patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

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

The requirements for patentability differ in certain countries, particularly developing countries. For example, China has a heightened requirement for patentability and, specifically, requires a detailed description of medical uses of a claimed drug. In addition, India, certain countries in Europe and certain developing countries, including Thailand, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In those countries, we and our licensor may have limited remedies if patents are infringed or if we or our licensor are compelled to grant a license to a third party, which could materially diminish the value of those patents. This could limit our potential revenue opportunities. 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. Accordingly, our and our licensor's efforts to enforce intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we own or license.

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 and annuity fees on issued United States patents and most foreign patent applications and patents must be paid to the U.S. Patent and Trademark Office ("USPTO") and foreign patent agencies, respectively, in order to maintain such patents and patent applications. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application, examination and issuance processes. While an inadvertent lapse can, in some cases, be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we or our licensor fail to maintain the patents and patent applications covering our product candidate or any future product candidates, our competitors might be able to enter the market with similar or identical products or technology, which would have a material adverse effect on our business, financial condition and results of operations.

We may be unable to obtain intellectual property rights or technology necessary to develop and commercialize EFX or any future product candidates.

Several third parties are actively researching and seeking and obtaining patent protection in the MASH field, and there are issued third-party patents and published third-party patent applications in these fields. However, we may not be aware of all third-party intellectual property rights potentially relating to our product candidate or any future product candidates and technologies.

Depending on what patent claims ultimately issue and how courts construe the issued patent claims, as well as depending on the ultimate formulation and method of use of our product candidate or any future product candidates, we may need to obtain a license under such patents. There can be no assurance that such licenses will be available on commercially reasonable terms, or at all. If a third party does not offer us a necessary license or offers a license only on terms that are unattractive or unacceptable to us, we might be unable to develop and commercialize one or more of our product candidate or any future product candidates, which would have a material adverse effect on our business,

financial condition and results of operations. Moreover, even if we obtain licenses to such intellectual property, but subsequently fail to meet our obligations under our license agreements, or such license agreements are terminated for any other reasons, we may lose our rights to in-licensed technologies.

The licensing or acquisition of third-party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, capital resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment, or at all. If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of the relevant program or product candidate, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our inability to protect our confidential information and trade secrets would harm our business and competitive position.

In addition to seeking patents for some of our technology and products, in our activities we also rely substantially on trade secrets, including unpatented know-how, technology and other proprietary materials and information, to maintain our competitive position. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. However, these steps may be inadequate, we may fail to enter into agreements with all such parties or any of these parties may breach the agreements and disclose our proprietary information and there may be no adequate remedy available for such breach of an agreement. We cannot assure you that our proprietary information will not be disclosed or that we can meaningfully protect our trade secrets. 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 both within and outside the United States may be less willing, or unwilling, to protect trade secrets. If a competitor lawfully obtained or independently developed any of our trade secrets, we would have no right to prevent such competitor from using that technology or information to compete with us, which could harm our competitive position.

Risks Related to Intellectual Property Litigation

We may become involved in lawsuits or other proceedings to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful and have a material adverse effect on the success of our business.

Third parties may infringe our or our licensor's patents or misappropriate or otherwise violate our or our licensor's intellectual property rights. In the future, we or our licensor may initiate legal proceedings to enforce or defend our or our licensor's intellectual property rights, to protect our or our licensor's trade secrets or to determine the validity or scope of intellectual property rights we own or control. Also, third parties may initiate legal proceedings against us or our licensor to challenge the validity or scope of intellectual property rights we own, control or to which we have rights. For example, generic or biosimilar drug manufacturers or other competitors or third parties may challenge the scope, validity or enforceability of our or our licensor's patents, requiring us or our licensor to engage in complex, lengthy and costly litigation or other proceedings. These proceedings can be expensive and time-consuming and many of our or our licensor's adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we can. Moreover, the outcome following legal assertions of invalidity and unenforceability is unpredictable. Accordingly, despite our or our licensor's efforts, we or our licensor may not be able to prevent third parties from infringing upon or misappropriating intellectual property rights we own, control or have rights to, particularly in countries where the laws may not protect those rights as fully as in the United States. Litigation could result in substantial costs and diversion of management resources, which could harm our business and financial results. In addition, if we or our licensor initiated legal proceedings against a third party to enforce a patent covering a product candidate, the defendant could counterclaim that such patent is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a

validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. In an infringement or declaratory judgment proceeding, a court may decide that a patent owned by or licensed to us is invalid or unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our or our licensor's patents do not cover the technology in question. An adverse result in any litigation proceeding could put one or more of our or our licensor's patents at risk of being invalidated, narrowed, held unenforceable or interpreted in such a manner that would not preclude third parties from entering the market with competing products.

Third-party pre-issuance submission of prior art to the USPTO, or opposition, derivation, revocation, reexamination, *inter partes* review or interference proceedings, or other pre-issuance or post-grant proceedings or other patent office proceedings or litigation in the United States or other jurisdictions provoked by third parties or brought by us or our licensor, may be necessary to determine the inventorship, priority, patentability or validity of inventions with respect to our or our licensor's patents or patent applications. An unfavorable outcome could leave our technology or product candidates without patent protection, allow third parties to commercialize our technology or product candidates and compete directly with us, without payment to us, or could require us or our licensor to obtain license rights from the prevailing party in order to be able to manufacture or commercialize our product candidate or any future product candidates without infringing third-party patent rights. Our business could be harmed if the prevailing party does not offer us or our licensor a license on commercially reasonable terms, or at all. Even if we or our licensor obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us or our licensor. In addition, if the breadth or strength of protection provided by our or our licensor's patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or any future product candidates. Even if we successfully defend such litigation or proceeding, we may incur substantial costs and it may distract our management and other employees. In addition, the uncertainties associated with litigation could have a material adverse effect on our ability to raise the funds necessary to continue our clinical trials, continue our research programs, license necessary technology from third parties, or enter into collaborations.

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, many foreign jurisdictions have rules of discovery that are different than those in the United States and which may make defending or enforcing our or our licensor's patents extremely difficult. 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 shares of our common stock.

Third parties may initiate legal proceedings against us alleging that we infringe their intellectual property rights or we may initiate legal proceedings against third parties to challenge the validity or scope of intellectual property rights controlled by third parties, the outcome of which would be uncertain and could have a material adverse effect on the success of our business.

Our commercial success depends upon our ability to develop, manufacture, market and sell any product candidates that we may develop and use our proprietary technologies without infringing, misappropriating or otherwise violating the intellectual property and proprietary rights of third parties. The biotechnology and pharmaceutical industries are characterized by extensive litigation regarding patents and other intellectual property rights. Third parties may initiate legal proceedings against us or our licensor alleging that we or our licensor infringe their intellectual property rights or we or our licensor may initiate legal proceedings against third parties to challenge the validity or scope of intellectual property rights controlled by third parties, including in oppositions, interferences, revocations, reexaminations, *inter partes* review or derivation proceedings before the USPTO or its counterparts in other jurisdictions. These proceedings can be expensive and time-consuming and many of our or our licensor's adversaries in

these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we or our licensor can.

An unfavorable outcome in any such proceeding could require us or our licensor to cease using the related technology or developing or commercializing our product candidate or any future product candidates, or to attempt to license rights to it from the prevailing party, which may not be available on commercially reasonable terms, or at all.

We could be found liable for monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent. A finding of infringement could prevent us from commercializing our product candidate or any future product candidates or force us to cease some of our business operations, which could materially harm our business.

We perform searches of patent and scientific databases in order to identify documents that may be of potential relevance to the freedom-to-operate and/or patentability of our product candidate or any future product candidates. In general, such searches are conducted based on keywords, sequences, inventors/authors and assignees/entities to capture U.S. and European patents and patent applications, PCT publications and scientific journal articles.

The patent landscape around our EFX product candidate is complex, and we may not be aware of all third-party intellectual property rights potentially relating to our product candidate or any future product candidates and technologies. Moreover, it is possible that we are or may become aware of patents or pending patent applications that we think do not relate to our product candidate or any future product candidates or that we believe are invalid or unenforceable, but that may nevertheless be interpreted to encompass our product candidate or any future product candidates and to be valid and enforceable. As to pending third-party applications, we cannot predict with any certainty which claims will issue, if any, or the scope of such issued claims. If any third-party intellectual property claims are asserted against us, even if we believe the claims are without merit, there is no assurance that a court would find in our favor, e.g., on questions of infringement, validity, enforceability or priority. A court of competent jurisdiction could hold that these third-party patents are valid, enforceable and infringed, which could materially and adversely affect our ability and the ability of our licensor to commercialize any product candidates we may develop, and any other product candidates or technologies covered by the asserted third-party patents. In order to successfully challenge the validity of any such U.S. patent in federal court, we would need to overcome a presumption of validity. As this burden is a high one requiring us to present clear and convincing evidence as to the invalidity of any such U.S. patent claim, there is no assurance that a court of competent jurisdiction would invalidate the claims of any such U.S. patent. If any such third-party patents (including those that may issue from such applications) were successfully asserted against us or our licensor or other commercialization partners and we were unable to successfully challenge the validity or enforceability of any such asserted patents, then we or our licensor and other commercialization partners may be prevented from commercializing our product candidate or any future product candidates, or may be required to pay significant damages, including treble damages and attorneys' fees if we are found to willfully infringe the asserted patents, or obtain a license to such patents, which may not be available on commercially reasonable terms, or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us, and it could require us to make substantial licensing and royalty payments. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. 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. Any of the foregoing would have a material adverse effect on our business, financial condition and operating results.

We may be subject to claims by third parties asserting that our employees or we have misappropriated a third party's intellectual property, or claiming ownership of what we regard as our own intellectual property.

Many of our employees, including our senior management, were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Some of these employees executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. We may be subject to claims that we or these employees have used or disclosed confidential information or intellectual property, including trade secrets or other proprietary information, of any such employee's former employer, or that third parties have an interest in our patents as an inventor or co-inventor. Litigation may be necessary to defend against these claims. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose

valuable intellectual property rights or personnel or sustain other damages. Such intellectual property rights could be awarded to a third party, and we could be required to obtain a license from such third party to commercialize our technology or products. Such a license may not be available on commercially reasonable terms, or at all. Even if we successfully prosecute or defend against such claims, litigation could result in substantial costs and distract management.

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

Intellectual property rights do not necessarily address all potential threats.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

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

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

Issued patents covering our product candidates could be found invalid or unenforceable if challenged in court or the USPTO.

If we or our licensing partner initiate legal proceedings against a third party to enforce a patent covering our product candidate or any future product candidates, the defendant could counterclaim that the patent covering our product candidate, as applicable, is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace, and there are numerous grounds upon which a third party can assert invalidity or unenforceability of a patent. Third parties may also raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. These types of mechanisms include *inter partes* review, post grant review, and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). These types of proceedings could result in revocation or amendment to our patents such that they no longer cover our product candidates. The outcome for any particular patent following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we, our patent counsel and the patent examiner were unaware during prosecution. If a

defendant were to prevail on a legal assertion of invalidity and/or unenforceability, or if we are otherwise unable to adequately protect our rights, we would lose at least part, and perhaps all, of the patent protection on our product candidates. A loss of patent protection for our product candidates could have a material adverse impact on our ability to commercialize or license our technology and product candidates and, resultantly, on our business, financial condition, prospects and results of operations.

Likewise, patents directed to our proprietary technologies and our product candidates may expire before or soon after our first product achieves marketing approval in the United States or foreign jurisdictions. Upon the expiration of our current patents, we may lose the right to exclude others from practicing these inventions. The expiration of these patents could also have a similar material adverse effect on our business, financial condition, prospects and results of operations. A number of U.S. patents directed to various aspects of EFX will expire in 2029; we currently anticipate that a composition of matter patent will be eligible for patent term extension to 2034.

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

As is the case with other biotechnology and pharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biotechnology industry involves technological and legal complexity, and obtaining and enforcing biotechnology patents is costly, time-consuming and inherently uncertain. The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances, weakening the rights of patent owners in certain situations or ruling that certain subject matter is not eligible for patent protection. In addition to increasing uncertainty with regard to our and our licensor's 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 Congress, the federal courts, the USPTO and equivalent bodies in foreign jurisdictions, the laws and regulations governing patents could change in unpredictable ways that would weaken our and our licensor's ability to obtain new patents or to enforce existing patents and patents we and our licensor may obtain in the future.

Patent reform laws, such as the Leahy-Smith America Invents Act as well as changes in how patent laws are interpreted, could increase the uncertainties and costs surrounding the prosecution of our and our licensor's patent applications and the enforcement or defense of our or our licensor's issued patents, all of which could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Government Regulation

Risks Related to Obtaining Regulatory Approval

We have limited experience in conducting clinical trials and have never obtained approval for any product candidates, and may be unable to do so successfully.

As a company, other than the completed BALANCED, HARMONY and SYMMETRY studies, we have no experience in designing, conducting or completing clinical trials and have never progressed a product candidate through to regulatory approval. In part because of this lack of experience, our clinical trials may require more time and incur greater costs than we anticipate. We cannot be certain that our clinical trials, including the ongoing SYNCHRONY Phase 3 trials, will begin or conclude on time, if at all. Large-scale trials will require significant additional financial and management resources. Any performance failure on the part of such third parties could delay the clinical development of our product candidate or any future product candidates or delay or prevent us from obtaining regulatory approval or commercializing our current or any future product candidates, depriving us of potential product revenue and resulting in additional losses.

The regulatory approval processes of the FDA and comparable foreign regulatory authorities are lengthy, time-consuming and inherently unpredictable. Our inability to obtain regulatory approval for EFX or any future product candidate would substantially harm our business.

The time required to obtain approval from the FDA and comparable foreign regulatory authorities is unpredictable but typically takes many years following the commencement of nonclinical studies and clinical trials and depends upon numerous factors, including the substantial discretion of regulatory authorities. In addition, approval

policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's development and may vary among jurisdictions. The FDA and comparable regulatory authorities may change the requirements for approval even after they have reviewed and commented on the design for our clinical trials. Further, the FDA or comparable regulatory authorities may disagree with our interpretation of data from clinical trials.

EFX or our future product candidates could fail to receive regulatory approval from the FDA or a comparable foreign regulatory authority for many reasons, including:

- disagreement with the design or implementation of our clinical trials;
- failure to demonstrate that a product candidate is safe and effective for its proposed indication;
- failure of clinical trials to meet the level of statistical significance required for approval;
- failure to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- disagreement with our interpretation of data from nonclinical studies or clinical trials;
- the insufficiency of data collected from clinical trials of EFX or any future product candidates to obtain regulatory approval;
- failure to obtain approval of the manufacturing processes or facilities of third-party manufacturers with whom we contract for clinical and commercial supplies; or
- changes in the approval policies or regulations that render our nonclinical and clinical data insufficient for approval.

The FDA or a comparable foreign regulatory authority may require more information, including additional nonclinical or clinical data to support approval, which may delay or prevent approval and our commercialization plans, or we may decide to abandon the development program for other reasons. If we were to obtain approval, regulatory authorities may approve EFX or any future product candidates for fewer or more limited indications than we request, may require labeling or a Risk Evaluation and Mitigation Strategy that includes significant use or distribution restrictions or safety warnings, precautions, or contraindications, may grant approval contingent on the performance of costly post-marketing clinical trials or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate.

The U.S. Supreme Court's June 2024 decision in *Loper Bright Enterprises v. Raimondo* overturned the longstanding *Chevron* doctrine, under which courts were required to give deference to regulatory agencies' reasonable interpretations of ambiguous federal statutes. The *Loper* decision could result in additional legal challenges to regulations and guidance issued by federal agencies, including the FDA, on which we rely. Any such legal challenges, if successful, could have a material impact on our business. Additionally, the *Loper* decision may result in increased regulatory uncertainty, inconsistent judicial interpretations, and other impacts to the agency rulemaking process, any of which could adversely impact our business and operations. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action or as a result of legal challenges, 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, our business could be materially harmed.

The U.S. Congress, the Trump administration, or any new administration may make substantial changes to fiscal, tax, and other federal policies that may adversely affect our business.

In 2017, the U.S. Congress and the Trump administration made substantial changes to U.S. policies, which included comprehensive corporate and individual tax reform. In addition, the Trump administration called for significant changes to U.S. trade, healthcare, immigration and government regulatory policy. With the transition to the Biden administration in early 2021, changes to U. S. policy occurred and since the start of the Trump Administration in 2025, U.S. policy changes have been implemented at a rapid pace and additional changes are likely. Changes to U.S. policy implemented by the U.S. Congress, the Trump administration or any new administration have impacted and may in the future impact, among other things, the U.S. and global economy, international trade relations, unemployment, immigration, healthcare, taxation, the U.S. regulatory environment, inflation and other areas. Although we cannot predict the impact, if any, of these changes to our business, they could adversely affect our business. Until we know what policy changes are made, whether those policy changes are challenged and subsequently upheld by the court system and how those changes impact our business and the business of our competitors over the long term, we will not know if, overall, we will benefit from them or be negatively affected by them.

Additional time may be required to obtain regulatory approval for our product candidates because they are combination products.

EFX is being developed, and future product candidates may be developed, as combination products that require coordination within the FDA and similar foreign regulatory agencies for review of their device and drug/biologic components. Medical products containing a combination of new drugs, biological products or medical devices may be regulated as “combination products” in the United States and EU. A combination product generally is defined as a product comprised of components from two or more regulatory categories (e.g., drug/device, device/biologic, drug/biologic). Each component of a combination product is subject to the requirements established by the FDA for that type of component, whether a new drug, biologic or device. In order to facilitate pre-market review of combination products, the FDA designates one of its centers to have primary jurisdiction for the pre-market review and regulation of the overall product based upon a determination by the FDA of the primary mode of action of the combination product. Where approval of the drug or biologic and device is sought under a single application, there could be delays in the approval process due to the increased complexity of the review process and the lack of a well-established review process and criteria. The EMA has a parallel review process in place for combination products, the potential effects of which in terms of approval and timing could independently affect our ability to market our combination products in the EU.

While we intend to seek designations for our product candidates with the FDA and comparable other regulatory authorities that are intended to confer benefits such as a faster development process or an accelerated regulatory pathway, there can be no assurance that we will successfully obtain such designations. In addition, even if one or more of our product candidates are granted such designations, we may not be able to realize the intended benefits of such designations.

The FDA and comparable other regulatory authorities offer certain designations for product candidates that are designed to encourage the research and development of product candidates that are intended to address conditions with significant unmet medical need. These designations may confer benefits such as additional interaction with regulatory authorities, a potentially accelerated regulatory pathway and priority review. Despite these designations, there can be no assurance that we will successfully obtain these or other designations for any of our other product candidates. In addition, while such designations could expedite the development or review process, they generally do not change the standards for approval. Even if we obtain such designations for one or more of our product candidates, there can be no assurance that we will realize their intended benefits.

For example, we have received a Breakthrough Therapy designation for EFX for the treatment of MASH and we may seek a Breakthrough Therapy designation for some of our product candidates in the future. A breakthrough therapy is defined as a therapy that is intended, alone or in combination with one or more other therapies, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the therapy may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For therapies that have been designated as breakthrough therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in control regimens. Designation as a breakthrough therapy is within the discretion of the FDA. Accordingly, even if we believe one of our product candidates meets the criteria for designation as a breakthrough therapy, the FDA may disagree and instead determine not to make such designation. In any event, the receipt of a Breakthrough Therapy designation for a product candidate may not result in a faster development process, review or approval compared to therapies considered for approval under conventional FDA procedures and does not assure ultimate approval by the FDA. In addition, even if one or more of our product candidates qualify as breakthrough therapies, the FDA may later decide that such product candidates no longer meet the conditions for designation.

In addition, in October 2021, the FDA granted Fast Track designation for EFX for the treatment of MASH, and we may seek Fast Track Designation for some of our future product candidates. If a therapy is intended for the treatment of a serious or life-threatening condition and the therapy demonstrates the potential to address unmet medical needs for this condition, the therapy sponsor may apply for 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, there can be no assurance that the FDA would decide to grant it. Even if we do receive Fast Track Designation, as we have for EFX for the treatment of MASH, we may not experience a faster development process, review or approval compared to

conventional FDA procedures, and receiving a Fast Track Designation does not provide assurance of ultimate FDA approval. In addition, the FDA may withdraw Fast Track Designation if it believes that the designation is no longer supported by data from our clinical development program.

Biologics designated as breakthrough therapies or granted Fast Track designation by the FDA may also be eligible for other expedited approval programs, including accelerated approval. A product candidate may be eligible for accelerated approval if it treats a serious or life-threatening condition, generally provides a meaningful advantage over available therapies, and demonstrates an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit. As a condition of accelerated approval, the FDA may require that a sponsor of a product receiving accelerated approval perform adequate and well-controlled post-marketing clinical trials. These confirmatory trials must be completed with due diligence. Under the Food and Drug Omnibus Reform Act of 2022 (“FDORA”), the FDA is permitted to require that a post-approval confirmatory study or studies be underway prior to approval or within a specified time period after the date of approval for a product granted accelerated approval. FDORA also requires sponsors to send updates to the FDA every 180 days on the status of such studies, including progress toward enrollment targets, and the FDA must promptly post this information publicly. In addition, FDORA gives the FDA increased authority to withdraw accelerated approval on an expedited basis if the sponsor fails to conduct such studies in a timely manner, send the necessary updates to the FDA, or if such post-approval studies fail to verify the drug’s predicted clinical benefit. The FDA is empowered to take action, such as issuing fines, against companies that fail to conduct with due diligence any post-approval confirmatory study or submit timely reports to the agency on their progress. Accelerated approval may also be withdrawn if, among other things, a confirmatory trial required to verify the predicted clinical benefit of the product fails to verify such benefit or if such trial is not conducted with due diligence. In addition, the FDA generally requires, unless otherwise informed by the agency, pre-approval of promotional materials for products receiving accelerated approval, which could adversely impact the timing of the commercial launch of the product. Thus, even if we seek to utilize the accelerated approval pathway, we may not be able to obtain accelerated approval and, even if we do, we may not experience a faster development, regulatory review or approval process for that product. In addition, receiving accelerated approval does not assure that the product’s accelerated approval will eventually be converted to full marketing approval.

We may seek priority review designation for one or more of our product candidates, but we might not receive such designation, and even if we do, such designation may not lead to a faster regulatory review or approval process.

If the FDA determines that a product candidate offers a treatment for a serious condition and, if approved, the product would provide a significant improvement in safety or effectiveness, the FDA may designate the product candidate for priority review. A priority review designation means that the goal for the FDA to review an application is six months, rather than the standard review period of ten months. We may request priority review for our product candidates. The FDA has broad discretion with respect to whether or not to grant priority review status to a product candidate, so even if we believe a particular product candidate is eligible for such designation or status, the FDA may decide not to grant it. Moreover, a priority review designation does not result in expedited development and does not necessarily result in expedited regulatory review or approval process or necessarily confer any advantage with respect to approval compared to conventional FDA procedures. Receiving priority review from the FDA does not guarantee approval within the six-month review cycle or at all.

Our failure to obtain regulatory approval in international jurisdictions would prevent us from marketing EFX or any future product candidates outside the United States.

We intend to market any approved products in the United States, the European Union, Japan and other foreign jurisdictions. Even if our products are approved for marketing in the United States, in order to market and sell our products in other jurisdictions, we must obtain separate marketing approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval may differ substantially from that required to obtain FDA approval. The regulatory approval process outside the United States generally includes all of the risks associated with obtaining FDA approval. In addition, in many countries outside the United States, we must secure product reimbursement approvals before regulatory authorities will approve the product for sale in that country. Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our products in certain countries. Further, clinical trials conducted in one country may not be accepted by regulatory authorities in other countries and regulatory approval in one country does not ensure approval in any other country. For example, even if EFX is approved in the United States, the EMA may require more information,

including additional nonclinical or clinical data to support approval, which may delay or prevent approval and our commercialization plans in the European Union. Moreover, a failure or delay in obtaining regulatory approval in one country may have a negative effect on the regulatory approval process in others.

Also, regulatory approval for our product candidate or any future product candidates may be withdrawn if we fail to comply with regulatory requirements, if problems occur after the product candidate reaches the market or for other reasons. If we fail to comply with the regulatory requirements in international markets and fail to receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential of our product candidate or any future 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. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions. Approval by one regulatory authority outside the United States does not ensure approval by regulatory authorities in other countries or jurisdictions or by the FDA. If we fail to obtain approval of our product candidate or any future product candidates by regulatory authorities in another country, we will be unable to commercialize our product in that country, and the commercial prospects of that product candidate and our business prospects could decline.

Risks Related to Ongoing Regulatory Obligations

Even if we are able to obtain regulatory approvals for our product candidate or any future product candidates, if they exhibit harmful side effects after approval, our regulatory approvals could be revoked or otherwise negatively impacted, and we could be subject to costly and damaging product liability claims.

Clinical trials are conducted in representative samples of the potential patient population which may have significant variability. Even if we receive regulatory approval for EFX or any of our future product candidates, we will have tested them in only a small number of patients during our clinical trials. Clinical trials are by design based on a limited number of subjects and of limited duration for exposure to the product used to determine whether, on a potentially statistically significant basis, the planned safety and efficacy of any product candidate can be achieved. As with the results of any statistical sampling, we cannot be sure that all side effects of our product candidates may be uncovered, and it may be the case that only with a significantly larger number of patients exposed to the product candidate for a longer duration, may a more complete safety profile be identified. Further, even larger clinical trials may not identify rare serious adverse effects or the duration of such studies may not be sufficient to identify when those events may occur. If our applications for marketing are approved and more patients begin to use our product, new risks and side effects associated with our products may be discovered. There have been other products that have been approved by the regulatory authorities but for which safety concerns have been uncovered following approval. Such safety concerns have led to labelling changes or withdrawal of products from the market, and any of our product candidates may be subject to similar risks. Additionally, we may be required to conduct additional nonclinical and clinical trials, require additional warnings on the label of our product candidate, reformulate our product or make changes, create a medication guide outlining the risks of such side effects for distribution to patients and obtain new approvals for our and our suppliers' manufacturing facilities for EFX and any future product candidates. We might have to withdraw or recall our products from the marketplace. We may also experience a significant drop in the potential sales of our product if and when regulatory approvals for such product are obtained, experience harm to our reputation in the marketplace or become subject to lawsuits, including class actions. Any of these results could decrease or prevent any sales of our approved product or substantially increase the costs and expenses of commercializing and marketing our product.

Even if our current product candidate or any future product candidates receive regulatory approval, they will remain subject to extensive regulatory scrutiny and may still face future development and regulatory difficulties.

Even if we obtained regulatory approval for a product candidate, regulatory authorities may still impose significant restrictions on our product candidates, including their indicated uses or marketing, or impose ongoing requirements for potentially costly post-approval studies. For example, if EFX is approved by the FDA based on a surrogate endpoint pursuant to accelerated approval regulations (also referred to as Subpart E regulations), we will be required to conduct additional confirmatory clinical trials demonstrating the clinical benefit on the ultimate outcome of MASH. Further, even if we obtained regulatory approval for a product candidate, it would be subject to ongoing requirements by the FDA and comparable foreign regulatory authorities governing the manufacture, quality control,

further development, labeling, packaging, storage, distribution, safety surveillance, import, export, advertising, promotion, recordkeeping and reporting of safety and other post-market information.

The FDA and comparable foreign regulatory authorities will continue to closely monitor the safety profile of any product even after approval. If the FDA or comparable foreign regulatory authorities become aware of new safety information after approval of our product candidate or any future product candidates, they may require labeling changes or establishment of a risk evaluation and mitigation strategy or similar strategy, impose significant restrictions on a product's indicated uses or marketing or impose ongoing requirements for potentially costly post-approval studies or post-market surveillance.

In addition, manufacturers of our products, if approved, and their facilities are subject to continual review and periodic inspections by the FDA and other regulatory authorities for compliance with cGMP and applicable QSRs, regulations and standards. If we or a regulatory agency discover previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory agency may impose restrictions on that product, the manufacturing facility or us, including requiring recall or withdrawal of the product from the market or suspension of manufacturing. If we, EFX, or any future product candidates or the manufacturing facilities for EFX, the delivery device used for EFX, or any future product candidates fail to comply with applicable regulatory requirements, or undesirable side effects caused by such products are identified, a regulatory agency may:

- issue safety alerts, Dear Healthcare Provider letters, press releases or other communications containing warnings about such product;
- mandate modifications to instructions for use;
- mandate modifications to promotional materials or require us to provide corrective information to healthcare practitioners;
- require that we conduct post-marketing studies;
- require us to enter into a consent decree, which can include imposition of various fines, reimbursements for inspection costs, required due dates for specific actions and penalties for noncompliance;
- seek an injunction or impose civil or criminal penalties or monetary fines;
- suspend marketing of, withdraw regulatory approval of or recall such product;
- suspend any ongoing clinical trials;
- refuse to approve pending applications or supplements to applications filed by us;
- suspend or impose restrictions on operations, including costly new manufacturing requirements; or
- seize or detain products, refuse to permit the import or export of products or require us to initiate a product recall.

The occurrence of any event or penalty described above may inhibit our ability to commercialize our product and generate revenue.

Advertising and promotion of any product candidate that obtains approval in the United States will be heavily scrutinized by the FDA, the Department of Justice, the Department of Health and Human Services' ("HHS") Office of Inspector General, state attorneys general, members of Congress and the public. Violations, including promotion of our products for unapproved (or off-label) uses, are subject to enforcement letters, inquiries and investigations, and civil and criminal sanctions by the government. Additionally, comparable foreign regulatory authorities will heavily scrutinize advertising and promotion of any product candidate that obtains approval outside of the United States.

In the United States, engaging in the impermissible promotion of our products for off-label uses can also subject us to false claims litigation under federal and state statutes, which can lead to civil and criminal penalties and fines and agreements that materially restrict the manner in which a company promotes or distributes drug products. These false claims statutes include the federal False Claims Act, which allows any individual to bring a lawsuit against a pharmaceutical company on behalf of the federal government alleging submission of false or fraudulent claims, or causing to present such false or fraudulent claims, for payment by a federal program such as Medicare or Medicaid. If the government prevails in the lawsuit, the individual will share in any fines or settlement funds. Since 2004, these federal False Claims Act lawsuits against pharmaceutical companies have increased significantly in volume and breadth, leading to several substantial civil and criminal settlements regarding certain sales practices promoting off-label drug uses involving fines in excess of \$1 billion. This growth in litigation has increased the risk that a pharmaceutical company will have to defend a false claim action, pay settlement fines or restitution, agree to comply with burdensome

reporting and compliance obligations and be excluded from Medicare, Medicaid and other federal and state healthcare programs. If we do not lawfully promote our approved products, we may become subject to such litigation and, if we do not successfully defend against such actions, those actions may have a material adverse effect on our business, financial condition and results of operations.

The FDA's policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidate or any future 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, which would adversely affect our business, prospects and ability to achieve or sustain profitability.

Risks Related to Healthcare Regulation

The advancement of healthcare reform may negatively impact our ability to profitably sell our product candidate or any future product candidates, if approved.

The United States and many foreign jurisdictions have enacted or proposed legislative and regulatory changes affecting the healthcare system that could prevent or delay marketing approval of our product candidate or any future product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell any product for which we obtain marketing approval. Changes in regulations, statutes or the interpretation of existing regulations could impact our business in the future by requiring, for example: (i) changes to our manufacturing arrangements; (ii) additions or modifications to product labeling; (iii) the recall or discontinuation of our products; or (iv) additional record-keeping requirements. For more information on healthcare laws and regulations that may impact our company, see the section titled "Business—Government regulation—Healthcare reform" included in this annual report on Form 10-K.

In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the "Affordable Care Act" or "ACA"), was enacted, which includes measures that have significantly changed the way health care is financed by both governmental and private insurers. Since its enactment, there have been numerous judicial, administrative, executive, and legislative challenges to certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA. Prior to the Supreme Court's decision, President Biden issued an Executive Order to initiate a special enrollment period from February 15, 2021 through August 15, 2021 for purposes of obtaining health insurance coverage through the ACA marketplace. The Executive Order also instructed certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the ACA. It is unclear how other healthcare reform measures of the Trump Administration or other efforts, if any, to challenge repeal or replace the ACA, will impact our business.

In addition, other legislative changes have been proposed and adopted since the Affordable Care Act was enacted. The U.S. Budget Control Act of 2011, which, among other things, created the Joint Select Committee on Deficit Reduction to recommend to Congress proposals in spending reductions. The Joint Select Committee on Deficit Reduction did not achieve a targeted deficit reduction, which triggered the legislation's automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of, on average, 2% per fiscal year through 2031 unless Congress takes additional action. The American Taxpayer Relief Act of 2012, among other things, further reduced Medicare payments to several providers, including hospitals and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. The Centers for Medicare & Medicaid Services ("CMS") has published a final rule to allow Medicare Advantage Plans the option of using step therapy, a type of prior authorization, for Part B drugs beginning January 1, 2020.

There has been increasing legislative and enforcement interest in the United States with respect to specialty drug pricing practices. Specifically, there have been several recent U.S. congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs and reform government program reimbursement methodologies for drugs.

In addition, at a federal level, President Trump reversed some of President Biden's executive orders including rescinding Executive Order 14087 entitled "Lowering Prescription Drug Costs for Americans". President Trump may issue new executive orders designed to impact drug pricing. A number of these and other proposed measures may require authorization through additional legislation to become effective. Congress and the Trump administration have indicated that they will continue to seek new legislative measures to control drug costs.

In August 2022, the IRA was signed into law. The IRA includes several provisions that will impact our business to varying degrees, including provisions that reduce the out-of-pocket spending cap for Medicare Part D beneficiaries from \$7,050 to \$2,000 starting in 2025, thereby effectively eliminating the coverage gap, allow the U.S. government to negotiate Medicare Part B and Part D pricing for certain high-cost drugs and biologics without generic or biosimilar competition, require companies to pay rebates to Medicare for drug prices that increase faster than inflation, and delay until January 1, 2032 the implementation of the HHS rebate rule that would require pass through of pharmacy benefit manager rebates to beneficiaries. Further, under the IRA, orphan drugs are exempted from the Medicare drug price negotiation program, if they have one rare disease designation and the only approved indication is for that rare disease. If a product receives multiple rare disease designations or has multiple approved indications, it may not qualify for the orphan drug exemption. The implementation of the IRA is currently subject to ongoing litigation challenging the constitutionality of the IRA's Medicare drug price negotiation program. The effect of IRA on our business and the healthcare industry in general is not yet known.

We cannot predict the initiatives that may be adopted in the future. The continuing efforts of the government, insurance companies, managed care organizations and other payors of healthcare services to contain or reduce costs of healthcare and/or impose price controls may adversely affect:

- the demand for our product candidates, if we obtain regulatory approval;
- our ability to set a price that we believe is fair for our approved products;
- our ability to generate revenue and achieve or maintain profitability;
- the level of taxes that we are required to pay; and
- the availability of capital.

Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors, which may adversely affect our future profitability. Although a number of these, and other proposed measures may require additional authorization to become effective, and the Trump Administration may reverse or otherwise change these measures, Congress has indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

We expect that the healthcare reform measures that have been adopted and may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved product and could seriously harm our future revenues. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private third-party payors.

There have been, and likely will continue to be, legislative and regulatory proposals at the foreign, federal and state levels directed at broadening the availability of healthcare and containing or lowering the cost of healthcare. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our product. Such reforms could have an adverse effect on anticipated revenue from product candidates that we may successfully develop and for which we may obtain regulatory approval and may affect our overall financial condition and ability to develop product candidates.

Our relationships with customers and third-party payors will be subject to applicable anti-kickback, fraud and abuse, transparency and other healthcare laws and regulations, which, if violated, could expose us to criminal

sanctions, civil penalties, contractual damages, reputational harm, administrative burdens and diminished profits and future earnings.

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

- the federal Anti-Kickback Statute prohibits persons from, among other things, 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, the referral of an individual for the furnishing or arranging for the furnishing, or the purchase, lease or order, or arranging for or recommending purchase, lease or order, of any good or service for which payment may be made under a federal healthcare program, such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it to have committed a violation. Violations are subject to civil and criminal fines and penalties for each violation, plus up to three times the remuneration involved, imprisonment, and exclusion from government healthcare programs. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act;
- federal civil and criminal false claims laws and civil monetary penalty laws, including the federal False Claims Act, which can be enforced through civil whistleblower or *qui tam* actions, prohibit individuals or entities from, among other things knowingly presenting, or causing to be presented, to the federal government or a government contractor, grantee, or other recipient of federal funds, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government; knowingly making, using or causing to be made or used, a false statement or record material to a false or fraudulent claim or obligation to pay or transmit money or property to the federal government or knowingly concealing or knowingly and improperly avoiding or decreasing an obligation to pay money to the federal government. Manufacturers can be held liable under the federal False Claims Act even when they do not submit claims directly to government payors if they are deemed to “cause” the submission of false or fraudulent claims. The federal False Claims Act also permits a private individual acting as a “whistleblower” to bring actions on behalf of the federal government alleging violations of the federal False Claims Act and to share in any monetary recovery;
- the federal Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) imposes criminal liability for knowingly and willfully executing a scheme to defraud any healthcare benefit program, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense or knowingly and willfully making false statements relating to healthcare matters; 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 the Health Information Technology for Economic and Clinical Health Act of 2009 (“HITECH”) and their implementing regulations, including the Final Omnibus Rule published in January 2013, imposes obligations on certain healthcare providers, health plans and healthcare clearinghouses, known as covered entities, as well as their business associates, which are individuals and entities that perform certain services involving the creation, maintenance, receipt, 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. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys’ fees and costs associated with pursuing federal civil actions. In addition, there may be additional federal, state and non-U.S. laws which govern the privacy and security of health and other personal information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts;
- federal price reporting laws, which require manufacturers to calculate and report complex pricing metrics to government programs, where such reported prices may be used in the calculation of reimbursement and/or discounts on approved products;

- federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers;
- the federal Open Payments program, created under Section 6002 of the Affordable Care Act and its implementing regulations, requires manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children’s Health Insurance Program (with certain exceptions) to report annually to CMS information related to “payments or other transfers of value” made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, as well as ownership and investment interests held by physicians (as defined above) and their immediate family members. As of January 1, 2022, these reporting obligations have now extended to include transfers of value made to certain non-physician providers such as physician assistants and nurse practitioners; and
- analogous state, local, and foreign laws and regulations, such as state anti-kickback and false claims laws, which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; state and foreign 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 or otherwise restrict payments that may be made to healthcare providers; state and foreign laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers, marketing expenditures or drug prices; state and local laws that require the registration of pharmaceutical sales representatives; several states also impose other marketing restrictions or require pharmaceutical companies to make marketing or price disclosures to the state and require the registration of pharmaceutical sales representatives. State and foreign laws, including for example the EU General Data Protection Regulation, which became effective May 2018 also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts; and state and foreign laws that govern 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.

Efforts to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law interpreting applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid, integrity oversight and reporting obligations, and the curtailment or restructuring of our operations. If any of the physicians or other healthcare providers or entities with whom we expect to do business is found not to be in compliance with applicable laws, that person or entity may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

Failure to comply with health, data protection, and national security laws and regulations could lead to government enforcement actions (which could include civil or criminal penalties), private litigation, and/or adverse publicity and could negatively affect our operating results and business.

We and any potential collaborators may be subject to federal, state, and foreign data protection and national security laws and regulations (i.e., laws and regulations that address privacy, data security, and national security). In the United States, numerous federal and state laws and regulations, including federal health information privacy laws, state data breach notification laws, state health information privacy laws, and federal and state consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act) and the CCPA, that govern the collection, use, disclosure and protection of health-related and other personal information could apply to our operations or the operations of our collaborators. The CCPA and similar consumer privacy laws in other states provide a comprehensive privacy framework for covered businesses by creating a broad definition of personal information, establishing data privacy rights for consumers, imposing special rules on the collection of consumer data from minors, and creating a new and potentially severe statutory damages framework for violations and for businesses that fail to implement reasonable security procedures and practices to prevent data breaches. In addition, we may obtain health information from third parties (including research institutions from which we obtain clinical trial data) that are subject to privacy and security requirements under HIPAA, as amended by HITECH. While there is currently an exception for protected health

information that is subject to HIPAA and clinical trial regulations, as currently written, the CCPA and other state consumer privacy laws may impact some of our business activities.

States are continuing to propose new privacy laws, some of which are similar to the above discussed recently passed laws and other proposals differ dramatically. Such proposed legislation, if enacted, may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies. There are also states that are specifically regulating health information. For example, Washington's WA MHMDA applies robust protections similar to, or more stringent than, the requirements of the CCPA, for the collection, use, and disclosure of consumer health data. The WA MHMDA provides a private right of action, which further increases the relevant compliance risk. Connecticut and Nevada have also passed similar laws regulating consumer health data. In addition, other states have proposed and/or passed legislation that regulates the privacy and/or security of certain specific types of information. For example, a small number of states have passed laws that regulate biometric data specifically. These various privacy and security laws may impact our business activities, including our identification of research subjects, relationships with business partners and ultimately the marketing and distribution of our products.

State laws are changing rapidly and there is discussion in the U.S. Congress of a new comprehensive federal data privacy law to which we may likely become subject, if enacted. In addition, the federal government has begun to regulate certain disclosures of personal information under national security and trade regulation frameworks. For example, Executive Order 14117 on Preventing Access to Americans' Bulk Sensitive Personal Data and United States Government-Related Data by Countries of Concern, as implemented by Department of Justice regulations issued in December 2024, prohibits certain transactions involving certain sensitive personal data categories, including health data, genetic data, and biospecimens, to countries of concern, including China. The regulations also restrict investment agreements, employment agreements and vendor agreements involving such data and countries of concern. Actual or alleged violations of these regulations may be punishable by criminal and/or civil sanctions, and may result in exclusion from participation in federal and state programs.

Compliance with U.S. and international data protection laws and regulations, including the General Data Protection Regulation ("GDPR") and other European Economic Area ("EEA") and United Kingdom ("UK") data protection laws could require us to take on more onerous obligations in our contracts, restrict our ability to collect, use and disclose data, or in some cases, impact our ability to operate in certain jurisdictions. Failure to comply with these laws and regulations could result in government enforcement actions (which could include civil, criminal and administrative penalties), private litigation, and/or adverse publicity and could negatively affect our operating results and business. Moreover, clinical trial subjects, employees and other individuals about whom we or our potential collaborators obtain personal information, as well as the providers who share this information with us, may limit our ability to collect, use and disclose the information. Claims that we have violated individuals' privacy rights, failed to comply with data protection laws, or breached our contractual obligations, even if we are not found liable, could be expensive and time-consuming to defend and could result in adverse publicity that could harm our business.

Where we collect and otherwise process personal data regarding Europe, including in the event we decide to conduct clinical trials or continue to enroll subjects in our ongoing or future clinical trials, we may be subject to additional privacy restrictions. The collection, use, storage, disclosure, transfer, or other processing of personal data, including personal health data regarding (i) individuals in the EEA and UK and/or (ii) carried out in the context of the activities of an establishment in the EEA and UK, is subject to the EU General Data Protection Regulation ("EU GDPR"), and similarly, processing of personal data regarding individuals in the UK is subject to the GDPR, as well as other supplementary national data protection legislation in force in the EEA member states and the UK (including the UK Data Protection Act 2018). The GDPR is wide-ranging in scope and imposes numerous requirements on companies that process personal data, including requirements related to having a legal basis for processing personal data, stricter requirements related to processing of sensitive data (including health data), obtaining consent of the individuals to whom the personal data relates or ensuring another appropriate legal basis or condition applies to the processing of personal data, providing information to individuals regarding data processing activities, implementing safeguards to protect the security and confidentiality of personal data, providing notification of data breaches, requiring data protection impact assessments for high risk processing and taking certain measures when engaging third-party processors. The GDPR also imposes strict rules on the transfer of personal data to countries outside the EEA/UK, including the United States, and permits data protection authorities to impose large penalties for violations of the GDPR, including potential fines of up to €20 million (£17.5 million under UK GDPR) or 4% of annual global revenues, whichever is greater. The GDPR also

confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR. In addition, the GDPR includes restrictions on cross-border data transfers of personal data to countries outside the EEA/UK that are not considered by the European Commission and UK government as providing “adequate” protection to personal data (“third countries”), including the United States. The GDPR may increase our responsibility and liability in relation to personal data that we process where such processing is subject to the GDPR, and we may be required to put in place additional mechanisms to ensure compliance with the GDPR, including as implemented by individual countries. Compliance with the GDPR will be a rigorous and time-intensive process that may increase our cost of doing business or require us to change our business practices, and despite those efforts, there is a risk that we may be subject to fines and penalties, litigation, and reputational harm in connection with our European activities.

To enable the transfer of personal data outside of the EEA or the UK, adequate safeguards (for example, the European Commission approved Standard Contractual Clauses (“SCCs”)) must be implemented in compliance with European and UK data protection laws. In addition, transfers made pursuant to the SCCs (and other similar appropriate transfer safeguards) need to be assessed on a case-by-case basis taking into account the legal regime applicable in the destination country, in particular regarding applicable surveillance laws and relevant rights of individuals with respect to the transferred personal data, to ensure an “essentially equivalent” level of protection to that guaranteed in the EEA in the jurisdiction where the data imported is based (“Transfer Impact Assessment”). On June 4, 2021, the EC issued forms of standard contractual clauses for data transfers from controllers or processors in the EU/EEA (or otherwise subject to the GDPR) to controllers or processors established outside the EU/EEA. The UK is not subject to the EC’s standard contractual clauses but has published its own transfer mechanism, the International Data Transfer Agreement and International Data Transfer Addendum, which will enable transfers from the UK, and has also implemented a similar Transfer Impact Assessment requirement. Further, the European Union and United States have adopted its adequacy decision for the EU-U.S. Data Privacy Framework (“Framework”), which entered into force on July 11, 2023. This Framework provides that the protection of personal data transferred between the European Union and the United States is comparable to that offered in the European Union. This provides a further avenue to ensuring transfers to the United States are carried out in line with GDPR. There has been an extension to the Framework to cover UK transfers to the United States. The Framework could be challenged like its predecessor frameworks. We will be required to implement these new safeguards and carry out Transfer Impact Assessments when conducting restricted data transfers under the GDPR and doing so will require significant effort and cost, and may result in us needing to make strategic considerations around where EEA or UK personal data is stored and transferred, and which service providers we can utilize for the processing of EEA/UK personal data.

Although the UK is regarded as a third country under the EU GDPR, the European Commission has issued a decision recognizing the UK as providing adequate protection under the EU GDPR and, therefore, transfers of personal data originating in the EEA to the UK remain unrestricted. The UK government has confirmed that personal data transfers from the UK to the EEA remain free flowing. The UK Government has also now introduced a Data Protection and Digital Information Bill into the UK legislative process which will introduce changes to the UK GDPR. This may lead to additional compliance costs and could increase our overall risk. The lack of clarity on future UK laws and regulations and their interaction with EU laws and regulations could add legal risk, uncertainty, complexity and cost to our handling of European personal data and our privacy and data security compliance programs and could require us to implement different compliance measures for the UK and the EEA. The respective provisions and enforcement of the EU GDPR and UK GDPR may further diverge in the future and create additional regulatory challenges and uncertainties.

In addition, EEA Member States have adopted national laws to implement the EU GDPR that may partially deviate from the EU GDPR and competent authorities in the EEA Member States may interpret the EU GDPR obligations slightly differently from country to country. Therefore, we do not expect to operate in a uniform legal landscape in the EEA.

Compliance with the above 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. If we fail to comply with any such laws or regulations, we may face significant fines and penalties that could adversely affect our business, reputation, financial condition and results of operations.

Artificial intelligence presents risks and challenges that can impact our business, including by posing security risks to our confidential information, proprietary information and personal data.

Issues in the development and use of artificial intelligence, combined with an uncertain regulatory environment, may result in reputational harm, liability, or other adverse consequences to our business operations. As with many technological innovations, artificial intelligence presents risks and challenges that could impact our business. We may adopt and integrate generative artificial intelligence tools into our systems for specific use cases reviewed by legal and information security.

A growing number of legislators and regulators are adopting laws and regulations and have focused enforcement efforts on the adoption of artificial intelligence, and use of such technologies in compliance with ethical standards and societal expectations. For example, the EU's Artificial Intelligence Act ("AI Act") imposes significant obligations on providers and deployers of artificial intelligence systems, and encourages providers and deployers of artificial intelligence systems to account for EU ethical principles in their development and use of these systems. Likewise, in the U.S., several states, including Colorado and California, passed laws to regulate various uses of artificial intelligence, including to make consequential decisions. In addition, various federal regulators have issued guidance and focused enforcement efforts on the use of artificial intelligence in regulated sectors. The FDA, for example, issued guidance on the use of artificial intelligence in medical devices, requiring detailed risk management and review processes to obtain approvals. If we develop or use artificial intelligence systems governed by these laws or regulations, we will need to apply significant resources to design, develop, test and maintain such systems in accordance with applicable law and regulation, with the potential for significant enforcement or litigation in the event of any perceived non-compliance.

Our vendors may also incorporate generative artificial intelligence tools into their offerings and the providers of these generative artificial intelligence tools may not meet existing or rapidly evolving regulatory or industry standards with respect to privacy and data protection and may inhibit our or our vendors' ability to maintain an adequate level of service and experience. If we, our vendors, or our third-party partners experience an actual or perceived breach or privacy or security incident because of the use of generative artificial intelligence, we may lose valuable intellectual property and confidential information and our reputation and the public perception of the effectiveness of our security measures could be harmed. Further, bad actors around the world use increasingly sophisticated methods, including the use of artificial intelligence, to engage in illegal activities involving the theft and misuse of personal information, confidential information, and intellectual property. Any of these outcomes could damage our reputation, result in the loss of valuable property and information, and adversely impact our business.

Governments outside the United States tend to impose strict price controls, which may adversely affect our revenue, if any.

In some countries, particularly the countries of the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a drug. 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. To obtain coverage and reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our drug candidate to other available procedures. If reimbursement of our drugs is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be harmed, possibly materially.

Healthcare insurance coverage and reimbursement may be limited or unavailable for our product candidate, if approved, which could make it difficult for us to sell our product candidate or other therapies profitably.

The success of our product candidate, if approved, depends on the availability of coverage and adequate reimbursement from third-party payors including governmental healthcare programs, such as Medicare and Medicaid, commercial payors, and health maintenance organizations. We cannot be sure that coverage and reimbursement will be available for, or accurately estimate the potential revenue from, our product candidates or assure that coverage and reimbursement will be available for any product that we may develop. For more information on healthcare laws and

regulations that may impact our company, see the section titled “Business—Government regulation—Coverage, pricing, and reimbursement” included in this annual report on Form 10-K.

Patients who are provided medical treatment for their conditions generally rely on third-party payors to reimburse all or part of the costs associated with their treatment. Coverage and adequate reimbursement from third-party payors are critical to new product acceptance.

Third-party payors decide which drugs and treatments they will cover and the amount of reimbursement. Coverage and reimbursement by a third-party payor may depend upon a number of factors, including the third-party payor’s determination that use of a product is:

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

In the United States, no uniform policy of coverage and reimbursement for products exists among third-party payors. As a result, obtaining coverage and reimbursement approval of a product from a third-party payor is a time consuming and costly process that could require us to provide to each payor supporting scientific, clinical and cost effectiveness data for the use of our products on a payor-by-payor basis, with no assurance that coverage and adequate reimbursement will be obtained. There is significant uncertainty related to the insurance coverage and reimbursement of newly approved products. In the United States, the principal decisions about reimbursement for new medicines are typically made by CMS, an agency within HHS, as CMS decides whether and to what extent a new medicine will be covered and reimbursed under Medicare. Private third-party payors tend to follow Medicare coverage and reimbursement limitations to a substantial degree, but also have their own methods and approval process apart from Medicare determinations. Even if we obtain coverage for a given product, the resulting reimbursement payment rates might not be adequate for us to achieve or sustain profitability or may require co-payments that patients find unacceptably high.

Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States.

Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any product candidate that we commercialize and, if reimbursement is available, the level of reimbursement.

In addition, many pharmaceutical manufacturers must calculate and report certain price reporting metrics to the government, such as average sales price and best price. Penalties may apply in some cases when such metrics are not submitted accurately and timely. Further, these prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs.

Our activities in the United States subject us to various laws relating to foreign investment and the export of certain technologies, and our failure to comply with these laws or adequately monitor the compliance of our suppliers and others we do business with could subject us to substantial fines, penalties and even injunctions, the imposition of which on us could have a material adverse effect on the success of our business.

Because we have substantial operations in the United States, we are subject to U.S. laws that regulate foreign investments in U.S. businesses and access by foreign persons to technology developed and produced in the United States. These laws include Section 721 of the Defense Production Act of 1950, as amended by the Foreign Investment Risk Review Modernization Act of 2018, and the regulations at 31 C.F.R. Parts 800 and 801, as amended, administered by the Committee on Foreign Investment in the United States; and the Export Control Reform Act of 2018, which is being implemented in part through Commerce Department rulemakings to impose new export control restrictions on “emerging and foundational technologies” yet to be fully identified. Application of these laws, including as they are implemented through regulations being developed, may negatively impact our business in various ways, including by

restricting our access to capital and markets; limiting the collaborations we may pursue; regulating the export our products, services, and technology from the United States and abroad; increasing our costs and the time necessary to obtain required authorizations and to ensure compliance; and threatening monetary fines and other penalties if we do not.

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

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

Inadequate funding for the FDA, the SEC and other government agencies, including from government shut downs, or other disruptions to these agencies' operations, could hinder their ability to hire and retain key personnel, and substantial changes in leadership, personnel, and policy could prevent new or existing product candidates from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal business functions on which the operation of our business may rely, which could negatively impact our business.

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

Disruptions at the FDA and other agencies, including substantial leadership, personnel, and policy changes, may also slow the time necessary for new drug candidates to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business. Further, in our operations as a public company, future government shutdowns or substantial leadership, personnel, and policy changes could impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our operations.

Risks Related to Our Financial Condition and Need for Additional Capital

We have incurred significant losses since our inception and we expect to incur losses for the foreseeable future.

We have no products approved for commercial sale and have not generated any revenue to date, and we continue to incur significant research and development and other expenses related to our ongoing operations. As a result, we are not profitable and have incurred significant losses in each period since our inception in January 2017. For the years ended December 31, 2024, 2023 and 2022, we reported net losses of \$252.1 million, \$151.8 million and \$112.0 million, respectively. As of December 31, 2024, we had an accumulated deficit of \$826.2 million. We expect to continue

to incur significant losses for the foreseeable future, and we expect these losses to increase as we continue our research and development of, and seek regulatory approvals for, our product candidate. We anticipate that our expenses will increase substantially if, and as, we:

- continue large-scale clinical trials for our product candidate, EFX, and any future product candidates;
- discover and develop new product candidates, and conduct nonclinical studies and clinical trials;
- incur any disruption or delays to the supply of our product candidate;
- manufacture, or have manufactured, clinical and commercial supplies of our product candidates;
- seek regulatory approvals for EFX or any future product candidates;
- commercialize EFX or any future product candidates, if approved;
- attempt to transition from a company with a development focus to a company capable of supporting commercial activities, including establishing sales, marketing and distribution infrastructure;
- hire additional clinical, scientific, and management personnel;
- add operational, financial, and management information systems and personnel;
- identify additional compounds or product candidates and acquire rights from third parties to those compounds or product candidates through licenses; and
- incur additional costs associated with operating as a public company.

Even if we succeed in commercializing EFX or any future product candidates, we may continue to incur substantial research and development and other expenditures to develop and market additional product candidates. We may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. The size of our future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenue. Our prior losses and expected future losses have had and will continue to have an adverse effect on our stockholders' equity and working capital.

We currently have a limited operating history, have not generated any revenue to date, and may never become profitable.

We are a clinical-stage biotechnology company with a limited operating history. Our operations to date have been limited to organizing and staffing our company, acquiring, developing and securing our technology and product candidate, EFX, and conducting nonclinical studies and clinical trials of EFX. We have not yet demonstrated our ability to complete late-stage clinical trials, obtain regulatory approval, formulate and manufacture a commercial-scale product, or conduct sales and marketing activities necessary for successful product commercialization. Investment in biotechnology product development is highly speculative because it entails substantial upfront expenditures in clinical research organizations and contract manufacturing organizations and significant risk that any potential product candidate will fail to demonstrate adequate effect or an acceptable safety profile, gain regulatory approval and become commercially viable. Consequently, any predictions you may make about our future success or viability may not be as accurate as they could be if we had a longer operating history.

Though Phase 3 clinical development of EFX has been initiated, we do not expect to receive revenue from EFX for a number of years, if ever. To date, we have not generated any revenue and we will not be able to generate product revenue unless and until EFX, or any future product candidate, successfully completes clinical trials, receives regulatory approval, and is commercialized. We may seek to obtain revenue from collaboration or licensing agreements with third parties. Our ability to generate future product revenue from EFX or any future product candidates also depends on a number of additional factors, including our, or our current and future contractors' and collaborators', ability to:

- successfully complete nonclinical studies and clinical trials for EFX and any future product candidates;
- seek and obtain marketing approvals for any product candidates that complete clinical development;
- establish and maintain supply and manufacturing relationships with third parties, and ensure adequate and legally compliant manufacturing of bulk drug substances and drug products to maintain that supply;
- launch and commercialize any product candidates for which we obtain marketing approval, and, if launched independently, successfully establish a sales, marketing and distribution infrastructure;
- demonstrate the necessary safety data post-approval to ensure continued regulatory approval;
- obtain coverage and adequate product reimbursement from third-party payors, including government payors;
- achieve market acceptance for any approved products;
- address any competing technological and market developments;
- maintain our rights under our existing license agreement with Amgen and any similar agreements we may enter into in the future;

- negotiate favorable terms in any collaboration, licensing or other arrangements into which we may enter in the future and performing our obligations in such collaborations;
- establish, maintain, protect and enforce our intellectual property rights; and
- attract, hire and retain qualified personnel.

In addition, because of the numerous risks and uncertainties associated with biotechnology product development, including that our product candidate may not advance through development or achieve the endpoints of applicable clinical trials, we are unable to predict the timing or amount of increased expenses, or if or when we will achieve or maintain profitability. In addition, our expenses could increase beyond expectations if we decide, or are required by the FDA or foreign regulatory authorities, to perform nonclinical studies or clinical trials in addition to those that we currently anticipate. Even if we complete the development and regulatory processes described above, we anticipate incurring significant costs associated with launching and commercializing any approved product.

If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would decrease the value of our company and could impair our ability to raise capital, maintain our research and development efforts, expand our business or continue our operations. A decline in the value of our company also could cause you to lose all or part of your investment.

We will require additional capital to finance our operations, which may not be available to us on acceptable terms, or at all. As a result, we may not complete the development and commercialization of our product candidate or develop any future product candidates.

As a research and development company, our operations have consumed substantial amounts of cash since inception. We expect our research and development expenses to increase substantially in connection with our ongoing activities, particularly as we advance EFX into later-stage clinical development.

As of December 31, 2024, we had \$797.8 million of cash, cash equivalents and short-term and long-term marketable securities. We raised gross proceeds of \$105.8 million from our initial public offering in June 2019 and \$216.4 million from a follow-on public offering in July 2020. We also raised gross proceeds of \$25.0 million from Pfizer through a registered direct common stock offering and borrowed \$10.0 million from Hercules under a term loan in June 2022. In September 2022, we raised gross proceeds of \$230.0 million from a follow-on public offering. In March 2023, we borrowed \$15.0 million from Hercules under our term loan facility. In April and May 2023, we raised gross proceeds of \$127.4 million from sales of common stock under an ATM offering and gross proceeds of \$220.0 million from sales of common stock through an underwritten registered direct offering. In February 2024, we raised gross proceeds of \$10.9 million from sales of common stock under an ATM offering and borrowed \$10.0 million from Hercules under our term loan facility. In March 2024, we raised gross proceeds of \$366.9 million from a follow-on public offering. We raised gross proceeds of \$69.4 million from the sales of common shares under an ATM offering during November and December of 2024, and an additional \$10.6 million under the same offering during January of 2025. In January 2025, we raised gross proceeds of \$402.5 million from a follow-on public offering of our common stock and, in lieu of common stock to certain investors, pre-funded warrants to purchase shares of our common stock. Any forecast of the period of time through which our financial resources will adequately support our operations is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors, including the factors discussed elsewhere in this “Risk Factors” section. The assumptions underlying any estimate may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. Our future funding requirements, both short and long-term, will depend on many factors, including, but not limited to:

- the initiation, progress, timing, costs and results of nonclinical studies and clinical trials for our product candidate or any future product candidates we may develop;
- the cost and timing of manufacturing our product candidate for use in clinical trials or, if approved by the FDA, for commercial use;
- our ability to maintain our license to EFX from Amgen;
- the outcome, timing and cost of seeking and obtaining regulatory approvals from the FDA and comparable foreign regulatory authorities, including the potential for such authorities to require that we perform more nonclinical studies or clinical trials than those that we currently expect or change their requirements on studies that had previously been agreed to;
- the cost to establish, maintain, expand, enforce and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with licensing, preparing, filing, prosecuting, defending and enforcing any patents or other intellectual property rights;
- the effect of competing technological and market developments;

- market acceptance of any approved product candidates, including product pricing, as well as product coverage and the adequacy of reimbursement by third-party payors;
- the cost of acquiring, licensing or investing in additional businesses, products, product candidates and technologies;
- the cost and timing of selecting, auditing and potentially validating a manufacturing site for commercial scale manufacturing;
- the cost of establishing sales, marketing and distribution capabilities for any product candidates for which we may receive regulatory approval and that we determine to commercialize; and
- our need to implement additional internal systems and infrastructure, including financial and reporting systems.

We do not have any committed external source of funds or other support for our development efforts and we cannot be certain that additional funding will be available on acceptable terms, or at all. Until we can generate sufficient revenue to finance our cash requirements, which we may never do, we expect to finance our future cash needs through a combination of public or private equity offerings, debt financings, collaborations, strategic alliances, licensing arrangements, and other marketing or distribution arrangements. If we raise additional funds through public or private equity offerings, the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights. Further, to the extent that we raise additional capital through the sale of common stock or securities convertible or exchangeable into common stock, your ownership interest will be diluted. If we raise additional capital through debt financing, we could be subject to fixed payment obligations and 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. If we raise additional capital through marketing and distribution arrangements or other collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish certain valuable rights to our product candidates, technologies, future revenue streams or research programs or grant licenses on terms that may not be favorable to us. We also could be required to seek collaborators for one or more of our current or any future product candidates at an earlier stage than otherwise would be desirable or relinquish our rights to product candidates or technologies that we otherwise would seek to develop or commercialize ourselves. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we may have to significantly delay, scale back or discontinue the development or commercialization of one or more of our products or product candidates or one or more of our other research and development initiatives. Any of the above events could significantly harm our business, prospects, financial condition and results of operations and cause the price of our common stock to decline.

Risks Related to Our Indebtedness

Our operating activities may be restricted as a result of covenants related to our term loan obligation, which we may be required to repay in an event of default, which could have a materially adverse effect on our business.

On June 15, 2022, we entered into a Loan and Security Agreement ("Loan Agreement") with Hercules Capital, Inc., ("Hercules"), for an aggregate principal amount of up to \$150.0 million ("Term Loan"). Until we have repaid such indebtedness, the Loan Agreement subjects us to various customary covenants, including requirements as to financial reporting and insurance, and restrictions on our ability to dispose of our business or property, to change our line of business, to liquidate or dissolve, to merge or consolidate with any other entity or to acquire all or substantially all the capital stock or property of another entity, to incur additional indebtedness, to incur liens on our property, to pay any dividends or other distributions on capital stock other than dividends payable solely in capital stock, to redeem capital stock, to enter into licensing agreements, to engage in transactions with affiliates, or to encumber our intellectual property. Our business may be adversely affected by these restrictions on our ability to operate our business.

Additionally, we may be required to repay the outstanding indebtedness under the Term Loan if an event of default occurs under the Loan Agreement. Under the Loan Agreement, an event of default will occur if, among other things: we fail to make payments under the Loan Agreement; we breach any of our covenants under the Loan Agreement, subject to specified cure periods with respect to certain breaches; the Lender determines that a material adverse change has occurred; we or our assets become subject to certain legal proceedings, such as bankruptcy proceedings; we are unable to pay our debts as they become due; or we default on contracts with third parties which would permit the holder of indebtedness to accelerate the maturity of such indebtedness or that could have a material adverse change on us. As a result of the occurrence of an event of default, Hercules could accelerate all of the amounts due. In the event of an acceleration of amounts due under the Term Loan, we may not have enough available cash or be able to raise additional funds through equity or debt financings to repay such indebtedness at the time any such event of default occurs. In this case, we may be required to delay, limit, reduce or terminate our product development or commercialization efforts or grant to others rights to develop and market product candidates that we would otherwise

prefer to develop and market ourselves. Our business, financial condition and results of operations could be materially adversely affected as a result of any of these events.

Our level of indebtedness and debt service obligations could adversely affect our financial condition and may make it more difficult for us to fund our operations.

The Term Loan with Hercules provides up to \$150.0 million of debt financing and has interest-only payments until January 1, 2026. Thereafter, we are obligated to make payments that will include installments of principal and interest through the maturity date of March 1, 2027.

This indebtedness may create additional financing risk for us, particularly if our business or prevailing financial market conditions are not conducive to paying off or refinancing our outstanding debt obligations at maturity. This indebtedness could also have important negative consequences, including the fact that:

- we will need to repay our indebtedness by making payments of interest and principal, which will reduce the amount of money available to finance our operations, our research and development efforts and other general corporate activities; and
- our failure to comply with the restrictive covenants in the Term Loan could result in an event of default that, if not cured or waived, would accelerate our obligation to repay this indebtedness, and Hercules could seek to enforce our security interest in the assets securing such indebtedness.

Risks Related to Commercialization and Market Acceptance

Risks Related to Commercialization

Even if we commercialize EFX or any future product candidates, if approved, these products may become subject to unfavorable pricing regulations, third-party reimbursement practices or healthcare reform initiatives, which could harm our business.

The regulations that govern marketing approvals, pricing and reimbursement for new drug products vary widely from country to country. Current and future legislation may significantly change the approval requirements in ways that could involve additional costs and cause delays in obtaining approvals. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain marketing approval for a product in a particular country, but then be subject to price regulations that delay or limit our commercial launch of the product, possibly for lengthy time periods, which could negatively impact the revenue we generate from the sale of the product in that particular country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more product candidates, even if our product candidate or any future product candidates obtain marketing 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 third-party payors such as government health administration authorities, private health insurers and other organizations. Third-party payors determine which medications they will cover and establish reimbursement levels. Third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that coverage and reimbursement will be available for any product that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Coverage and reimbursement may impact the demand for, or the price of, any product candidate for which we obtain marketing approval, if any. If coverage and reimbursement are not available or reimbursement is available only to limited levels, we may not be able to successfully commercialize any product candidate for which marketing approval is obtained, if any.

There may be significant delays in obtaining coverage and reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the drug is approved by the FDA or comparable foreign regulatory authorities. Moreover, eligibility for coverage and reimbursement does not imply that a drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover our costs and may only be temporary. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government

healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Our inability to promptly obtain coverage and profitable reimbursement rates third-party payors for any approved products that we develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize products and our overall financial condition.

If we are not able to obtain, or if there are delays in obtaining, required regulatory approvals, we will not be able to commercialize future product candidates, and our ability to generate revenue will be materially impaired.

We could be adversely affected by several significant administrative law cases decided by the U.S. Supreme Court in 2024. In *Loper Bright Enterprises v. Raimondo*, for example, the court overruled *Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, which for 40 years required federal courts to defer to permissible agency interpretations of statutes that are silent or ambiguous on a particular topic. The U.S. Supreme Court stripped federal agencies of this presumptive deference and held that courts must exercise their independent judgment when deciding whether an agency such as the FDA acted within its statutory authority under the Administrative Procedure Act (APA). Additionally, in *Corner Post, Inc. v. Board of Governors of the Federal Reserve System*, the court held that actions to challenge a federal regulation under the APA can be initiated within six years of the date of injury to the plaintiff, rather than the date the rule is finalized. The decision appears to give prospective plaintiffs a personal statute of limitations to challenge longstanding agency regulations. Another decision, *Securities and Exchange Commission v. Jarkesy*, overturned regulatory agencies' ability to impose civil penalties in administrative proceedings. These decisions could introduce additional uncertainty into the regulatory process and may result in additional legal challenges to actions taken by federal regulatory agencies, including the FDA and CMS, that we rely on. In addition to potential changes to regulations as a result of legal challenges, these decisions may result in increased regulatory uncertainty and delays and other impacts, any of which could adversely impact our business and operations.

Further, our ability to develop and market new drug products may be impacted by litigation challenging the FDA's approval of another company's drug product. In April 2023, the U.S. District Court for the Northern District of Texas invalidated the approval by the FDA of mifepristone, a drug product originally approved in 2000 whose distribution is governed by various measures adopted under a REMS. The Court of Appeals for the Fifth Circuit declined to order the removal of mifepristone from the market but did hold that plaintiffs were likely to prevail in their claim that changes allowing for expanded access of mifepristone, which the FDA authorized in 2016 and 2021, were arbitrary and capricious. In June 2024, the Supreme Court reversed that decision after unanimously finding that the plaintiffs (anti-abortion doctors and organizations) did not have standing to bring this legal action against the FDA. On October 11, 2024, the Attorneys General of three states (Missouri, Idaho and Kansas) filed an amended complaint in the district court in Texas challenging FDA's actions. On January 16, 2025, the district court agreed to allow these states to file an amended complaint and continue to pursue this challenge. Depending on the outcome of this litigation, our ability to develop new drug product candidates and to maintain approval of existing drug products could be delayed, undermined or subject to protracted litigation.

Finally, with the change in presidential administrations in 2025, there is substantial uncertainty as to how, if at all, the new administration will seek to modify or revise the requirements and policies of the FDA and other regulatory agencies with jurisdiction over our product candidates. The impending uncertainty could present new challenges or potential opportunities as we navigate the clinical development and approval process for our product candidates.

Any delay in obtaining, or inability to obtain, applicable regulatory approval would delay or prevent commercialization of that product candidate and could materially adversely impact our business and prospects.

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

We face an inherent risk of product liability exposure related to the testing of our product candidate or any future product candidates in human clinical trials and will face an even greater risk if we commercialize any resulting products. Product liability claims may be brought against us by subjects enrolled in our clinical trials, patients, their family members, healthcare providers or others using, administering or selling our products. If we cannot successfully defend ourselves against claims that our product candidate or any future product candidates or products that we may develop caused injuries, we could incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for any product candidates or products that we may develop;
- termination of clinical trial sites or entire trial programs;
- injury to our reputation and significant negative media attention;

- withdrawal of clinical trial participants;
- significant costs to defend the related litigation;
- substantial monetary awards to trial subjects or patients;
- loss of revenue;
- diversion of management and scientific resources from our business operations;
- the inability to commercialize any products that we may develop; and
- a decline in our stock price.

Our clinical trial liability insurance coverage may not adequately cover all liabilities that we may incur. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise. Our inability to obtain product liability insurance at an acceptable cost or to otherwise protect against potential product liability claims could prevent or delay the commercialization of any products or product candidates that we develop. We intend to expand our insurance coverage for products to include the sale of commercial products if we obtain marketing approval for our product candidate or any future product candidates in development, but we may be unable to obtain commercially reasonable product liability insurance for any products approved for marketing. Large judgments have been awarded in lawsuits based on drugs that had unanticipated side effects. If we are sued for any injury caused by our products, product candidates or processes, our liability could exceed our product liability insurance coverage and our total assets. Claims against us, regardless of their merit or potential outcome, may also generate negative publicity or hurt our ability to obtain physician adoption of our product or expand our business.

Risks Related to Market Acceptance

If, in the future, we are unable to establish sales and marketing capabilities or enter into agreements with third parties to sell and market any product candidates we may develop, we may not be successful in commercializing those product candidates if and when they are approved.

We do not currently have an infrastructure for the sales, marketing, and distribution of pharmaceutical products. In order to market our product candidates, if approved by the FDA or any other regulatory body, we must build our sales, marketing, managerial, and other non-technical capabilities, or make arrangements with third parties to perform these services. There are risks involved with both establishing our own commercial capabilities and entering into arrangements with third parties to perform these services. For example, recruiting and training a sales force or reimbursement specialists is expensive and time-consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing and other commercialization capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our commercialization personnel.

If we enter into arrangements with third parties to perform sales, marketing, commercial support, and distribution services, our product revenue or the profitability of product revenue may be lower than if we were to market and sell any products we may develop ourselves. In addition, we may not be successful in entering into arrangements with third parties to commercialize our product candidates or may be unable to do so on terms that are favorable to us. We may have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively and they could expose our company to regulatory enforcement and legal risk in the execution of their sales and commercialization activities. If we do not establish commercialization capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates if approved.

If we are unable to establish adequate sales, marketing, and distribution capabilities, whether independently or with third parties, or if we are unable to do so on commercially reasonable terms, our business, results of operations, financial condition, and prospects will be materially adversely affected.

Our product candidate or any future product candidates may not achieve adequate market acceptance among physicians, patients, third-party payors and others in the medical community necessary for commercial success.

Even if our product candidate or any future product candidates receive regulatory approval, they may not gain adequate market acceptance among physicians, patients, third-party payors, pharmaceutical companies and others in the medical community. Demonstrating the safety and efficacy of our product candidate or any future product candidates and obtaining regulatory approvals will not guarantee future revenue. Our commercial success also depends on coverage and adequate reimbursement of our product candidate or any future product candidates by third-party payors, including government payors and private insurers, which may be difficult or time-consuming to obtain, may be limited in scope

and may not be obtained in all jurisdictions in which we may seek to market our products. Third-party payors closely examine medical products to determine whether they should be covered by reimbursement and, if so, the level of reimbursement that will apply. We cannot be certain that third-party payors will sufficiently reimburse sales of our product or enable us to sell our product at a profitable price. Similar concerns could also limit the reimbursement amounts that health insurers or government agencies in other countries are prepared to pay for our products. In many regions, including Europe, Japan and Canada, where we may market our products, the pricing of prescription drugs is controlled by the government or regulatory agencies. Regulatory agencies in these countries could determine that the pricing for our products should be based on prices of other commercially available drugs for the same disease, rather than allowing us to market our products at a premium as new drugs. The degree of market acceptance of any of our approved product candidates will depend on a number of factors, including:

- the efficacy and safety profile of the product candidate as demonstrated in clinical trials;
- the timing of market introduction of the product candidate as well as competitive products;
- the clinical indications for which the product candidate is approved;
- acceptance of the product candidate as a safe and effective treatment by clinics and patients;
- the potential and perceived advantages of the product candidate over alternative treatments, including any similar generic treatments;
- the cost of treatment in relation to alternative treatments;
- the availability of coverage and adequate reimbursement and pricing by third-party payors;
- the relative convenience and ease of administration;
- the frequency and severity of adverse events;
- the effectiveness of sales and marketing efforts; and
- unfavorable publicity relating to our product candidate or any future product candidates.

Sales of medical products also depend on the willingness of physicians to prescribe the treatment, which is likely to be based on a determination by these physicians that the products are safe, therapeutically effective and cost effective. In addition, the inclusion or exclusion of products from treatment guidelines established by various physician groups and the viewpoints of influential physicians can affect the willingness of other physicians to prescribe the treatment. We cannot predict whether physicians, physicians' organizations, hospitals, other healthcare providers, government agencies or private insurers will determine that our product is safe, therapeutically effective and cost effective as compared with competing treatments. If any product candidate is approved but does not achieve an adequate level of acceptance by such parties, we may not generate or derive sufficient revenue from that product candidate and may not become or remain profitable.

Risks Related to Our Operations

We incur significant costs and expend significant time and effort, as a result of operating as a public company, and our management is required to devote substantial time to compliance initiatives and corporate governance practices.

We incur significant legal, accounting and other expenses, and expend significant time and effort by management and other personnel, to comply with the rules applicable to us as a public company. We are subject to the reporting requirements of Nasdaq and of the Exchange Act, which require, among other things, that we file with the SEC, annual, quarterly, and current reports with respect to our business and financial condition and that we establish and maintain effective disclosure controls, procedures and corporate governance practices. We must also comply with the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), and specifically Section 404 of the Sarbanes-Oxley Act, which requires that we establish and maintain effective internal controls over financial reporting. In order to maintain compliance with the SEC's rules that implement Section 404 of the Sarbanes-Oxley Act, we are required to make a formal assessment of the effectiveness of our internal control over financial reporting, to certify financial and other information in our quarterly and annual reports and to provide an annual management report on the effectiveness of our internal control over financial reporting, which includes the disclosure of any material weaknesses and associated remediation activities. Also, as a large accelerated filer, we incur additional significant costs to meet the requirement to provide an attestation report on our internal control over financial reporting from our independent registered public accounting firm. We will need to continue to dedicate significant internal resources and outside consultants in order to complete management's annual assessment and to prepare for when we are no longer a smaller reporting company. Despite these efforts, there is no guarantee that we will be able to conclude that our internal controls over financial reporting remain effective.

Further, in July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was enacted. There are significant corporate governance and executive compensation related provisions in the

Dodd-Frank Act that require the SEC to adopt additional rules and regulations in these areas, such as “say on pay” and proxy access. Stockholder activism, the current political environment, and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot currently anticipate.

We expect the rules and regulations applicable to public companies, and the additional compliance requirements that we will be subject to when we are no longer a smaller reporting company, to substantially increase our legal and financial compliance costs and to make some activities more time-consuming and costly. If these requirements divert the attention of our management and personnel from other business concerns, they could have a material adverse effect on our business, financial condition, and results of operations. The increased costs will decrease our net income or increase our net loss and may require us to reduce costs in other areas of our business or increase the prices of our products or services. For example, these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to incur substantial costs to maintain the same or similar coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain key financial or management personnel.

If we fail to maintain an effective system of internal controls over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, is designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act, or any subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could harm our business and have a negative effect on the trading price of our stock.

If material weaknesses or significant deficiencies in our internal control over financial reporting are identified in the future, we may not detect or remediate errors on a timely basis and our consolidated financial statements may be materially misstated. We, or our independent registered public accounting firm, may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting, which could harm our operating results, cause investors to lose confidence in our reported financial information and cause the trading price of our stock to fall. In addition, any failure to report our financial results on an accurate and timely basis could result in sanctions, lawsuits, delisting of our shares from Nasdaq or other adverse consequences that would materially harm our business.

If our information technology systems or those of third parties upon which we rely, or our data, are or were compromised, we could experience adverse consequences resulting from such compromise, including but not limited to regulatory investigations or actions, litigation, fines and penalties, disruptions of our business operations, reputational harm and other adverse consequences.

We, like other organizations in our industry, have experienced and expect to continue to experience cyber threats and incidents. We and the third parties upon which we rely are subject to a variety of evolving threats, including but not limited to social-engineering attacks (including through deep fakes, which may be increasingly more difficult to identify as fake, and phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks, credential stuffing attacks, credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures, attacks enhanced or facilitated by AI, and other similar threats. These threats are growing in complexity and frequency, making them increasingly difficult to detect and address, potentially leading to data loss, operational interruptions, reputational harm, and financial losses.

Our operations depend heavily on third-party service providers for critical functions, including cloud-based infrastructure, data centers, encryption and authentication technologies, employee email, clinical research and development, manufacturing, and other functions. We have limited control over these providers' security practices, and they may not have adequate information security measures in place. Consequently, a security incident affecting our

providers could severely impact our operations and reputation. While we may be entitled to damages if our third-party service providers fail to satisfy their data privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties' infrastructure in our supply chain or our third-party partners' supply chains have not been compromised.

Security incidents could result in unauthorized access to sensitive information, data loss or corruption, operational disruptions, and increased costs and efforts to recover data. They may also lead to regulatory fines and legal liabilities. Despite our implementation of security measures, no system is entirely secure. We cannot guarantee that our efforts will detect all vulnerabilities or prevent all incidents. Our preventative measures include monitoring and updating security protocols. The potential financial impact of these incidents, including increased costs and potential legal liabilities, is a significant concern.

For example, the loss of clinical trial data from completed or future clinical trials could have significant implications. It could lead to delays in regulatory approval efforts, necessitating costly remediation measures such as liability for stolen assets or information, repairs to damaged systems, and incentives to maintain relationships with business partners post-attack. Moreover, investigation costs may arise, including expenses related to notifying data subjects, regulators, or others, as well as engaging third-party forensic investigators and experts. This could further entail increased expenditures on cybersecurity protections, such as organizational changes, additional personnel, advanced technologies, employee training, and consultations with external experts. Additionally, higher insurance premiums might be incurred, while reputational damage could undermine customer and investor confidence, impacting the company's competitiveness, stock price, and long-term shareholder value. Lastly, there could be substantial costs associated with recovering or reproducing the lost data.

Certain data privacy and security obligations may require us to notify relevant stakeholders, including affected individuals, customers, regulators, and investors, of security incidents. Such disclosures are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences. If we (or a third party upon whom we rely) experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences, such as government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing sensitive information (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; diversion of management attention; interruptions in our operations (including availability of data); financial loss; and other similar harms.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. Our insurance policies may not be adequate to compensate us for the potential losses arising from any such disruption, failure, or security breach. In addition, such insurance may not be available to us in the future on economically reasonable terms or at all. Further, our insurance may not cover all claims made against us and could have high deductibles in any event, and defending a suit, regardless of its merit, could be costly and divert management attention.

We use and generate materials that may expose us to material liability.

Our research programs involve the use of hazardous materials and chemicals, which are currently only handled by third parties. We are subject to foreign, federal, state and local environmental and health and safety laws and regulations governing, among other matters, the use, manufacture, handling, storage and disposal of hazardous materials and waste products. We may incur significant costs to comply with these current or future environmental and health and safety laws and regulations. In addition, we cannot completely eliminate the risk of contamination or injury from hazardous materials and may incur material liability as a result of such contamination or injury. In the event of an accident, an injured party may seek to hold us liable for any damages that result. Any liability could exceed the limits or fall outside the coverage of our workers' compensation, property and business interruption insurance and we may not be able to maintain insurance on acceptable terms, if at all. We currently carry no insurance specifically covering environmental claims.

General Risk Factors

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

Our results of operations could be adversely affected by economic and political changes in the location in which we, or our suppliers and vendors, maintain operations. For example, our business may be generally exposed to the impact of political or civil unrest or military action. While we do not have direct exposure to Ukraine or Russia, we do have third-party manufacturing partners with locations in Europe, which may be affected by the ongoing conflict between Russia and Ukraine. In addition, we have activated sites for our SYNCHRONY trials in Israel and Turkey. These sites may be materially impacted or delayed by the conflict in the Middle East and could result in difficulties screening and enrolling patients in such areas on schedule. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

Our business is affected by macroeconomic conditions, including rising inflation, interest rates, supply chain constraints and significant political, trade, or regulatory developments.

Various macroeconomic factors could adversely affect our business and the results of our operations and financial condition, including changes in inflation, interest rates and overall economic conditions and uncertainties such as those resulting from the current and future conditions in the global financial markets. For instance, rising interest rates have impacted the Company's net income. Recent supply chain constraints have led to higher inflation, which if sustained could have a negative impact on the Company's product development and operations. If inflation or other factors were to significantly increase our business costs, our ability to develop our current pipeline and new therapeutic products may be negatively affected. Interest rates, the liquidity of the credit markets and the volatility of the capital markets could also affect the operation of our business and our ability to raise capital on favorable terms, or at all, in order to fund our operations. Similarly, these macroeconomic factors could affect the ability of our third-party suppliers and manufacturers to manufacture clinical trial materials for our product candidates.

Additionally, significant political, trade, or regulatory developments, such as those stemming from the change in U.S. federal administration, are difficult to predict and could give rise to circumstances outside our control that could have negative impacts on our business operations. For example, on February 1, 2025, the U.S. imposed a 25% tariff on imports from Canada and Mexico, which were subsequently suspended for a period of one month, and a 10% additional tariff on imports from China. Historically, tariffs have led to increased trade and political tensions. In response to tariffs, other countries have implemented retaliatory tariffs on U.S. goods. Political tensions as a result of trade policies could reduce trade volume, investment, technological exchange and other economic activities between major international economies, resulting in a material adverse effect on global economic conditions and the stability of global financial markets. Any changes in political, trade, regulatory, and economic conditions, including U.S. trade policies, in jurisdictions where our third-party suppliers and manufacturers operate, could have a material adverse effect on our financial condition or results of operations.

Certain raw materials or other products necessary for the manufacture and formulation of our marketed products and product candidates, some of which are difficult to source, are provided by single-source unaffiliated third-party suppliers. In addition, we rely on certain third parties or our collaborators to perform filling, finishing, distribution, laboratory testing, and other services related to the manufacture of our marketed products and product candidates, and to supply various raw materials and other products. We would be unable to obtain these raw materials, other products, or services for an indeterminate period of time if any of these third parties were to cease or interrupt production or otherwise fail to supply these materials, products, or services to us for any reason, including due to regulatory requirements or actions (including recalls), adverse financial developments at or affecting the supplier, failure by the supplier to comply with cGMPs, contaminations, business interruptions, or labor shortages or disputes (in each case, including as a result of the armed conflict between Russia and Ukraine or public health outbreaks, epidemics, or pandemics or other geopolitical developments). Regional or single-source dependencies may in some cases accentuate these risks. For example, the pharmaceutical industry generally, and in some instances our Company or our collaborators or other third parties on which we rely, depend on China-based suppliers or service providers for certain raw materials, products and services, or other activities. Our ability or the ability of our collaborators or such other third parties to continue to engage these China-based suppliers or service providers for certain preclinical research programs and clinical development programs could be restricted due to geopolitical developments between the United States and China, including as a result of the escalation of tariffs or other trade restrictions or if the previously proposed federal legislation

known as the BIOSECURE Act or a similar law were to be enacted. In any such circumstances, we may not be able to engage a backup or alternative supplier or service provider in a timely manner or at all. This, in turn, could materially and adversely affect our or our collaborators' ability to manufacture or supply marketed products and product candidates or advance our or our collaborators' preclinical research or clinical development programs, which could materially and adversely affect our business and future prospects.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could adversely affect our current and projected business operations and its financial condition and results of operations.

Adverse developments that affect financial institutions, such as events involving liquidity that are rumored or actual, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation as receiver. Although we assess our banking relationships as we believe necessary or appropriate, our access to funding sources and other credit arrangements, for example through our loan with Hercules, in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that us, the financial institutions with which we have credit agreements or arrangements directly, or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry.

We are a “large accelerated filer” as defined by the SEC, and the reduced disclosure requirements previously available to us no longer apply.

As of June 30, 2024, the market value of our common stock that was held by non-affiliates exceeded \$700 million, and as a result, we continue to qualify as a “large accelerated filer”. As such, we incur significant additional expenses in complying with the Sarbanes-Oxley Act and rules implemented by the SEC. As a large accelerated filer, we are subject to certain disclosure requirements that are applicable to other public companies that were not applicable to us as a smaller reporting company. These requirements include:

- compliance with the auditor attestation requirements of Section 404;
- compliance with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements;
- full disclosure obligations regarding executive compensation; and
- compliance with the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

If we or our independent registered public accounting firm identifies deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources. Additionally, we expect that our loss of “smaller reporting company” status will require additional attention from management and will result in increased costs to us, which could include higher legal fees, accounting fees and fees associated with investor relations activities, among others.

Risks Related to an Investment in Our Securities

The market price of our stock may be volatile, and you could lose all or part of your investment. Because of potential volatility in our trading price and trading volume, we may incur significant costs from class action securities litigation.

The trading price of our common stock is likely to be volatile and subject to wide fluctuations in response to various factors, some of which we cannot control. For example, between January 1, 2024 and December 31, 2024, our stock price has ranged from \$17.76 to \$35.28. In addition to the factors discussed in this “Risk Factors” section and elsewhere in this Annual Report on Form 10-K, these factors include:

- developments associated with our license with Amgen, including any termination or other change in our relationship with Amgen;
- the success of competitive products or technologies;

- regulatory actions with respect to our product candidate or any future product candidates or our competitors' product candidates or products;
- results of clinical trials of our product candidate or any future product candidates or those of our competitors;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements by us or our competitors or collaborators of significant acquisitions, strategic collaborations, joint ventures, collaborations or capital commitments;
- regulatory, legal or payor developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to any of our product candidate or any future product candidates or clinical development programs;
- the results of our efforts to in-license or acquire additional product candidates or products;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our insiders or our other stockholders;
- changes in the structure of healthcare payment systems;
- general economic, industry and market conditions;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad (such as the ongoing conflict between Ukraine and Russia, including the sanctions imposed by the United States, the European Union and others on Russia and other related parties);
- market conditions in the pharmaceutical and biotechnology sectors; and
- general economic, industry and market conditions.

In addition, the stock market in general, and the market for biotechnology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies, which has resulted in decreased stock prices for many companies notwithstanding the lack of a fundamental change in their underlying business models or prospects. Although the markets recovered, market and industry factors, including potentially worsening economic conditions and other adverse effects or developments relating to inflation, rising interest rates, may significantly reduce 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 material adverse impact on the market price of our common stock.

Holders of stock in companies that have a volatile stock price frequently bring securities class action litigation against the company that issued the stock. We have been and may in the future be the target of this type of litigation. The outcome of such pending and potential litigation is uncertain. If any of our stockholders were to bring a lawsuit of this type against us, even if the lawsuit is without merit, we could incur substantial costs defending the lawsuit. Although the results of lawsuits and claims cannot be predicted with certainty, defending against such claims could be costly and divert our management's attention from other business concerns, which could seriously harm our business. Any litigation to which we become a party may result in an onerous or unfavorable judgment, or may be resolved with a monetary payment.

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

We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any return to stockholders will therefore be limited to the appreciation of their stock.

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

We designed our disclosure controls and procedures to reasonably assure that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that

any disclosure controls and procedures or internal controls and procedures, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

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

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

The trading market for our common stock will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on our company. If no securities or industry analysts commence coverage of our company or if they cease to cover our company, the trading price for our stock would likely be negatively impacted. In the event that securities or industry analysts initiate coverage, if one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. In addition, if our operating results fail to meet the forecast of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

Risks Related to Our Charter and Bylaws

Anti-takeover provisions under our organizational documents and Delaware law could delay or prevent a change of control, which could limit the market price of our common stock and may prevent or frustrate attempts by our stockholders to replace or remove our current management.

Our fourth amended and restated certificate of incorporation and second amended and restated bylaws contain provisions that could delay or prevent a change of control of our company or changes in our board of directors that our stockholders might consider favorable. Some of these provisions include:

- a board of directors divided into three classes serving staggered three-year terms, such that not all members of the board will be elected at one time;
- a prohibition on stockholder action through written consent, which requires that all stockholder actions be taken at a meeting of our stockholders;
- a requirement that special meetings of the stockholders may be called only by the board of directors acting pursuant to a resolution approved by the affirmative vote of a majority of the directors then in office, and special meetings of stockholders may not be called by any other person or persons;
- advance notice requirements for stockholder proposals and nominations for election to our board of directors;
- a requirement that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of not less than two-thirds (2/3) of all outstanding shares of our voting stock then entitled to vote in the election of directors;
- a requirement of approval of not less than a majority of all outstanding shares of our voting stock to amend any bylaws by stockholder action and not less than two-thirds (2/3) of all outstanding shares of our voting stock to amend specific provisions of our certificate of incorporation; and
- the authority of the board of directors to issue preferred stock on terms determined by the board of directors without stockholder approval, which preferred stock may include rights superior to the rights of the holders of common stock.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporate Law, which may prohibit certain business combinations with stockholders owning 15% or more of our outstanding voting stock. These anti-takeover provisions and other provisions in our fourth amended and restated certificate of incorporation and second amended and restated bylaws could make it more difficult for stockholders or potential acquirers to obtain control of our board of directors or initiate actions that are opposed by the then-current board of directors and could also delay or impede a merger, tender offer or proxy contest involving our company. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing or cause us to take other corporate actions you desire. Any delay or

prevention of a change of control transaction or changes in our board of directors could cause the market price of our common stock to decline.

Our amended and restated bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated bylaws provide that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for state law claims for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers, and employees to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our second amended and restated bylaws (including the interpretation, validity or enforceability thereof), or (iv) any action asserting a claim that is governed by the internal affairs doctrine (the "Delaware Forum Provision"). The Delaware Forum Provision will not apply to any causes of action arising under the Exchange Act. Our amended and restated bylaws further 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 sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act (the "Federal Forum Provision"). In addition, our amended and restated bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the Delaware Forum Provision and the Federal Forum Provision; provided, however, that stockholders cannot and will not be deemed to have waived our compliance with the U.S. federal securities laws and the rules and regulations thereunder.

The Delaware Forum Provision and the Federal Forum Provision in our bylaws may impose additional litigation costs on stockholders in pursuing any such claims. Additionally, these forum selection clauses may limit our stockholders' ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage the filing of lawsuits against us and our directors, officers and employees, even though an action, if successful, might benefit our stockholders. In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are "facially valid" under Delaware law, there is uncertainty as to whether other courts will enforce our Federal Forum Provision. If the Federal Forum Provision is found to be unenforceable, we may incur additional costs associated with resolving such matters. The Federal Forum Provision may also impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. The Court of Chancery of the State of Delaware and the federal district courts of the United States 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 may be more or less favorable to us than our stockholders.

Risks Related to Income Taxes

Changes in tax laws could adversely affect our business and financial condition.

The rules dealing with U.S. federal, state and local income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Treasury Department. Changes to tax laws (which changes may have retroactive application) could adversely affect us or holders of our common stock. In recent years, many such changes have been made and changes are likely to continue to occur in the future. It cannot be predicted whether, when, in what form, or with what effective dates, new tax laws may be enacted, or regulations and rulings may be promulgated or issued under existing or new tax laws, which could result in an increase in our or our stockholders' tax liability or require changes in the manner in which we operate in order to minimize or mitigate any adverse effects of changes in tax law or in the interpretation thereof. Future changes in tax laws could have a material adverse effect on our business, cash flow, financial condition or results of operations.

We might not be able to utilize a significant portion of our net operating loss carryforwards and research and development tax credit carryforwards.

As of December 31, 2024, we had U.S. federal and state net operating loss, or NOL, carryforwards of \$333.0 million and \$660.8 million, respectively and federal and state research and development tax credit carryforwards of \$26.4 million and \$3.4 million, respectively. If not utilized, such NOL carryforwards (other than federal NOL carryforwards arising in taxable years beginning after December 31, 2017) and research and development credits will

expire at various dates beginning in 2033. Our ability to use our U.S. federal and state NOL and tax credit carryforwards to offset potential future taxable income and related income taxes that would otherwise be due is dependent upon our generation of future taxable income. We do not anticipate generating revenue from sales of products for the foreseeable future, if ever, and we may never achieve profitability. These NOL and tax credit carryforwards could expire unused and be unavailable to offset future income tax liabilities. Under the current law, federal NOL carryforwards generated in tax years beginning after December 31, 2017, are not subject to expiration. However, any such NOL carryforwards may only offset 80% of our annual taxable income in taxable years beginning after December 31, 2020. In addition, under Sections 382 and 383 of the Code, the amount of benefits from our NOL carryforwards may be impaired or limited if we incur a cumulative ownership change of more than 50 percentage points by certain stockholders, as interpreted by the U.S. Internal Revenue Service, over a three-year period. We experienced such ownership changes on March 24, 2017, June 7, 2018, July 8, 2020, and May 31, 2024. We may experience ownership changes again in the future, some of which may be outside our control. No ownership change occurred in 2022 or 2023. As a result, our use of federal NOL and tax credit carryforwards could be limited. State NOL carryforwards may be similarly limited. Any such disallowances may result in greater tax liabilities than we would incur in the absence of such a limitation and any increased liabilities could adversely affect our business, results of operations, financial position and cash flows.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity**Risk Management and Strategy**

The Company relies on information systems and the data stored on them to conduct its operations. Our cybersecurity risk management program, which is supported by third parties, is designed to allow us to identify, assess, and manage cybersecurity risks. Our external partners include professional services firms, cybersecurity consultants, cybersecurity software providers, managed cybersecurity service providers, and security testing firms. We completed an external lead assessment to assess cybersecurity risks across our business that is informed by the Center for Internet Security Controls. Our Senior Director of IT has years of experience leading cybersecurity teams. We provide cybersecurity training to our employees to address matters such as phishing, email security, and training on data privacy.

To operate our business, we utilize third-party service providers to perform various functions, such as outsourced business-critical functions, professional services, SaaS platforms, managed services, cloud-based infrastructure, content delivery to third parties, corporate productivity services, and other functions. We engage reliable, reputable service providers that maintain cybersecurity programs and we conduct cybersecurity reviews as part of our quality assessment processes.

Governance

The Company reports on its information security program, including the results of periodic testing, to the Audit Committee of the Board of Directors. Our Board's Audit Committee is responsible for overseeing the Company's cybersecurity and information security procedures. The Audit Committee reviews management presentations concerning cybersecurity-related issues, including information security, technology risks, policies, and risk mitigation programs. The Audit Committee reports matters to the Board of Directors as needed. Our Chief Operating Officer, with the support of our Senior Director of Information Technology and third-party consultants, assesses and manages cybersecurity risk, including preventing, mitigating, detecting, and addressing cybersecurity incidents, if any. Our Chief Operating Officer also works closely with other management positions and external legal counsel to ensure that the Company understands its cybersecurity risk management responsibilities.

We have not identified any cybersecurity incidents or threats that have materially affected us or are reasonably likely to materially affect us. However, like other companies in our industry, we and our third-party vendors have from time-to-time experienced threats to and security incidents relating to information systems. For more information, please see the section entitled "Risk Factors" in this Annual Report on Form 10-K.

Item 2. Properties.

We lease office space where our corporate headquarters are located, which consists of 6,647 square feet located at 601 Gateway Boulevard, South San Francisco, California. We believe our current office space is sufficient to meet our office needs until the expiration of the lease in July 2027.

Item 3. Legal Proceedings.

From time to time, we may be involved in lawsuits, claims, investigations and proceedings, consisting of intellectual property, commercial, employment and other matters which arise in the ordinary course of business. On April 26, 2024, a purported stockholder of the Company filed a lawsuit, captioned Klobus v. Akero Therapeutics, Inc., No. 3:24-cv-02534 (N.D. Cal.), in the U.S. District Court for the Northern District of California against the Company and three of its officers. The suit purports to be filed on behalf of a class of stockholders who purchased or otherwise acquired Company common stock between September 13, 2022, and October 9, 2023. The suit asserts claims under the Exchange Act for alleged misstatements and omissions regarding the Company's Phase 2b SYMMETRY study. The complaint seeks damages in an unspecified amount. The court appointed lead plaintiffs and lead counsel on August 2,

2024. Lead Plaintiffs filed an amended complaint on September 24, 2024. On November 18, 2024, Defendants filed a motion to dismiss, Lead Plaintiffs filed an Opposition on January 13, 2025, and Defendants filed a Reply on February 21, 2025. A hearing on Defendants' motion to dismiss is currently scheduled for March 11, 2025. Due to the early stage of this matter, it is not possible to determine the probability or amount of potential related costs. The Company intends to vigorously defend against the lawsuit.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

On June 20, 2019 our common stock began trading on the Nasdaq Global Select Market under the symbol "AKRO". Prior to such time, there was no public market for our common stock.

Stockholders

As of January 31, 2025, there were 4 stockholders of record of our common stock. The actual number of holders of our common stock is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers or held by other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Recent Sales of Unregistered Securities

During the year ended December 31, 2024, we did not issue or sell any unregistered securities not previously disclosed in an Annual Report on Form 10-K or in a Current Report on Form 8-K.

Dividend Policy

We have never paid or declared any cash dividends on our common stock, and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. We intend to retain all available funds and any future earnings to fund the development and expansion of our business. Any future determination to pay dividends will be at the discretion of our board of directors and will depend upon a number of factors, including our results of operations, financial condition, future prospects, contractual restrictions, restrictions imposed by applicable law and other factors that our board of directors deems relevant.

Securities Authorized for Issuance under Equity Compensation Plans

The information required by Item 5 of Form 10-K regarding equity compensation plans is incorporated herein by reference to Item 12 of Part III of this Annual Report.

Issuer Purchases of Equity Securities

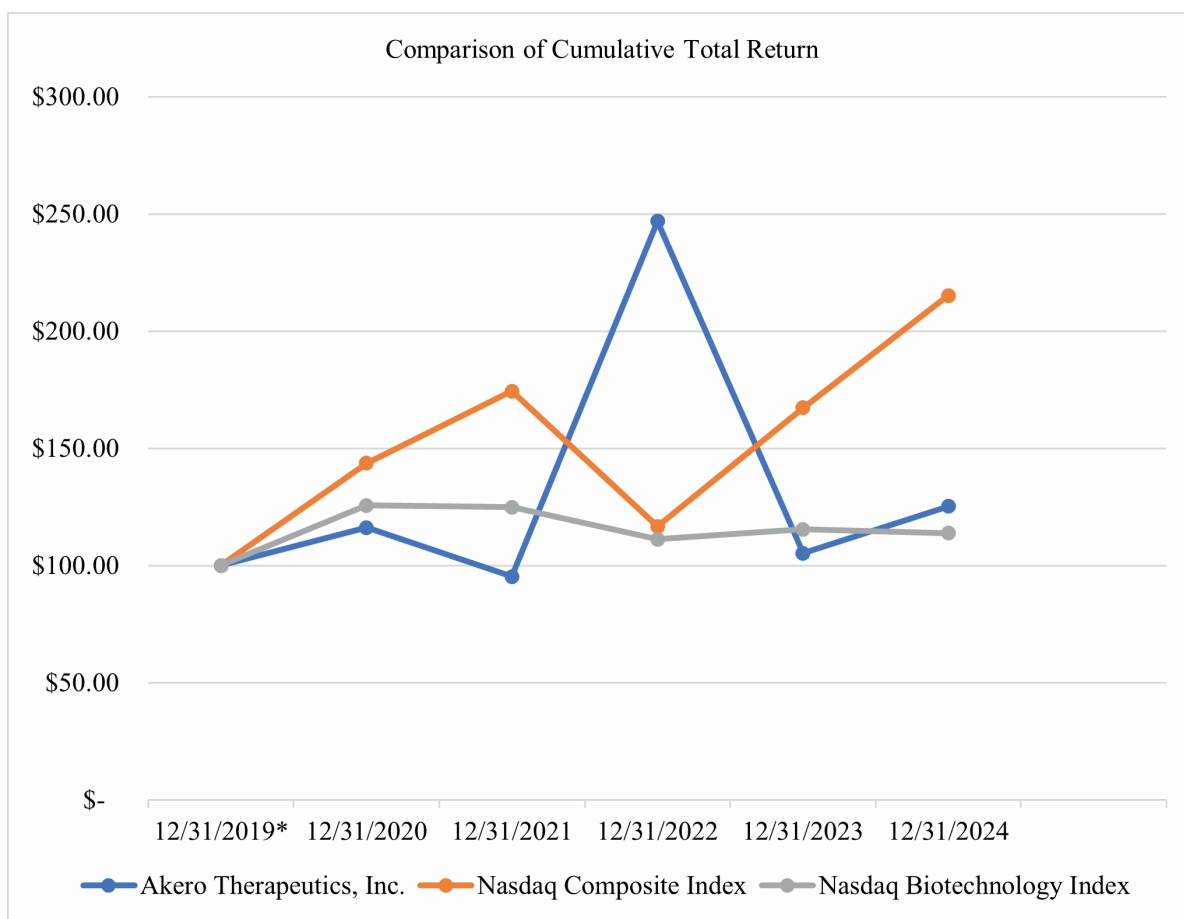
We did not purchase any of our registered equity securities during the period covered by this Annual Report.

Performance Graph

The following is not deemed to be "soliciting material" or "filed" with the Securities and Exchange Commission for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise subject to the liability under that Section, and is not to be incorporated by reference into any filing we make under the Securities Act of 1933,

as amended, or the Security and Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation by reference language in such filing.

The graph below matches Akero Therapeutics, Inc.'s cumulative total shareholder return on common stock with the cumulative total returns of the Nasdaq Composite index, the Nasdaq Biotechnology index, and the Nasdaq Pharmaceutical index. The graph tracks the performance of a \$100 investment in our common stock and in each index (with the reinvestment of all dividends) for five years ended to December 31, 2024. As discussed above, we have never declared or paid a cash dividend on our common stock and do not anticipate declaring or paying a cash dividend in the foreseeable future.



Company/Index	12/31/2019*	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
Akero Therapeutics, Inc.	\$ 100.00	\$ 116.24	\$ 95.29	\$ 246.90	\$ 105.20	\$ 125.34
Nasdaq Composite Index	100.00	143.64	174.36	116.65	167.30	215.22
Nasdaq Biotechnology Index	100.00	125.69	124.89	111.27	115.42	113.84

* \$100.00 invested as of December 31, 2019 in stock or index, including reinvestment of dividends.

The stock price performance included in this graph is not necessarily indicative of future stock price performance and is not intended to suggest future performance.

Item 6. Reserved

Not applicable.

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

The following discussion should be read in conjunction with our financial statements and accompanying footnotes appearing elsewhere in this Annual Report on Form 10-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report on Form 10-K, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. See "Special Note Regarding Forward-Looking Statements." Because of many factors, including those factors set forth in Part 1, Item 1A "Risk Factors" section of this Annual Report on Form 10-K, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Overview

We are a clinical-stage company dedicated to developing transformational treatments for patients with serious metabolic diseases marked by high unmet medical need, including metabolic dysfunction-associated steatohepatitis, or MASH, formerly known as non-alcoholic steatohepatitis, or NASH. MASH is a severe form of metabolic dysfunction-associated steatotic liver disease, or MASLD, formerly known as nonalcoholic fatty liver disease, or NAFLD, characterized by inflammation and fibrosis in the liver that can progress to cirrhosis, liver failure, cancer and death. Our lead product candidate, efruxifermin, or EFX, is an analog of fibroblast growth factor 21, or FGF21, which is an endogenously expressed hormone that protects against cellular stress and regulates metabolism of lipids, carbohydrates and proteins throughout the body. We have initiated a Phase 3 program called SYNCHRONY, which is comprised of three ongoing clinical trials (Outcomes, Histology, and Real-World) designed to support applications for marketing approval for patients with compensated cirrhosis (F4) due to MASH and pre-cirrhotic MASH (F2-F3). The SYNCHRONY program builds on two biopsy-based Phase 2b trials in corresponding patient populations, with a combined total of over 300 patients treated for up to 96 weeks. Based on the statistically significant reversal of cirrhosis and fibrosis regression among patients with either biopsy-confirmed compensated cirrhosis (F4) due to MASH or pre-cirrhotic MASH (F2-F3) observed in our Phase 2b clinical trials, we believe EFX has the potential, if approved, to be an important medicine for treating MASH.

Results from five randomized, double-blind, placebo-controlled clinical trials evaluating EFX have been reported, and across all trials reported to date a total of 385 adult patients with either MASH and/or type 2 diabetes have been treated with EFX and evaluated for up to 96 weeks. An additional 66 healthy volunteers or patients with severe hepatic impairment were evaluated in open label, single-dose clinical pharmacology studies.

In January 2025, we reported preliminary topline week 96 results from SYMMETRY, a Phase 2b trial that evaluated the efficacy and safety of EFX in patients with biopsy-confirmed compensated cirrhosis (F4), Child-Pugh Class A, due to MASH. At week 96, among patients with baseline and week 96 biopsies (n=134), 39% of patients treated with 50mg EFX (n=46) (p=0.009) experienced reversal of cirrhosis with no worsening of MASH, compared to 15% for placebo (n=47).

In March 2024, we reported preliminary topline week 96 results from HARMONY, a Phase 2b trial that evaluated the efficacy and safety of EFX in patients with pre-cirrhotic MASH, fibrosis stage 2 or 3 (F2-F3). The trial previously met its primary endpoint of ≥ 1 stage improvement in fibrosis with no worsening of MASH after 24 weeks of treatment for both the 50mg EFX (41%) and 28mg EFX (39%) dose groups, compared to 20% for the placebo arm. At week 96, the response rates on this endpoint increased to 75% (p<0.001) for 50mg EFX and 46% (p=0.07) for 28mg EFX, compared to 24% for placebo.

EFX has been reported to be generally well-tolerated across clinical trials of EFX to date. Most adverse events, or AEs, were mild or moderate. Diarrhea, nausea and vomiting as well as injection site reactions were generally the most common AEs. Treatment-emergent AEs leading to discontinuation through each study's primary analysis period have been low, ranging from less than 5% in patients with F1-F3 MASH to less than 10% in subjects with compensated cirrhosis due to MASH (F4).

Enrollment for a multi-trial, global Phase 3 program called SYNCHRONY began in the fourth quarter of 2023. The Phase 3 SYNCHRONY program consists of three trials, SYNCHRONY *Outcomes*, SYNCHRONY *Histology*, and SYNCHRONY *Real-World*. SYNCHRONY *Outcomes* is a two-cohort trial evaluating EFX for treatment of patients

with compensated cirrhosis (F4), Child-Pugh Class A, due to MASH. *SYNCHRONY Histology* is a two-cohort trial evaluating EFX for treatment of patients with pre-cirrhotic MASH, fibrosis stage 2 or 3 (F2-F3). *SYNCHRONY Real-World* is evaluating EFX for treatment of patients with fibrosis stages 1 through 4, compensated (F1-F4, compensated). In January 2025, we announced the completion of enrollment of the double-blind portion of *SYNCHRONY Real-World*. Results from the *SYNCHRONY Real-World* trial are expected in the first half of 2026.

In five separate clinical trials in patients with MASH and/or type 2 diabetes, EFX has been observed to reverse fibrosis, resolve steatohepatitis, and help restore healthy metabolism to the whole body. Consequently, we believe EFX holds the potential to be an important medicine for treatment of MASH, if approved. We also believe EFX may be able to be used in combination with other therapies for potentially greater effect in certain subpopulations, particularly among the substantial proportion of patients with both MASH and type 2 diabetes who are expected to be treated with GLP-1 therapeutics to manage their diabetes and/or obesity.

We were incorporated in January 2017 and have devoted substantially all of our efforts to organizing and staffing our company, business planning, raising capital, in-licensing rights to EFX, research and development activities for EFX, building our intellectual property portfolio, exploring pipeline expansion opportunities, and providing general and administrative support for these operations. To date, we have raised capital principally through the sale of redeemable convertible preferred stock, the initial public offering of our common stock in June 2019, and the sales of common stock in equity offerings in 2020, 2022, 2023 and 2024, including a \$25.0 million equity investment from Pfizer, Inc., in 2022. We have also borrowed \$35.0 million from a Term Loan provided by Hercules Capital, Inc., or Hercules. We have incurred significant operating losses since inception. Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of EFX, if approved, and any future product candidates. Our net losses were \$252.1 million, \$151.8 million and \$112.0 million for the years ended December 31, 2024, 2023 and 2022, respectively. As of December 31, 2024, we had an accumulated deficit of \$826.2 million.

We expect to continue to incur significant expenses for at least the next several years as we advance EFX through later-stage clinical development, develop additional product candidates and seek regulatory approval of any product candidates that complete clinical development. In addition, if we obtain marketing approval for any product candidates, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution.

We may also incur expenses in connection with the in-licensing or acquisition of additional product candidates. As a result, we will need substantial additional funding to support our continuing operations and pursue our growth strategy. Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through the sale of equity, debt financings, or other capital sources, which may include collaborations with other companies or other strategic transactions. We may be unable to raise additional funds or enter into such other agreements or arrangements when needed on favorable terms, or at all. If we fail to raise capital or enter into such agreements as and when needed, we may have to significantly delay, reduce or eliminate the development and commercialization of one or more of our product candidates or delay our pursuit of potential in-licenses or acquisitions. Because of the numerous risks and uncertainties associated with product development, we are unable to predict the timing or amount of increased expenses or when or if we will be able to achieve or maintain profitability. Even if we are able to generate product sales, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations.

As of December 31, 2024, we had cash, cash equivalents, short-term and long-term marketable securities of \$797.8 million. In addition, on January 30, 2025, we closed a public offering of common stock and pre-funded warrants resulting in gross proceeds of \$402.5 million. Together with our cash, cash equivalents and short-term and long-term marketable securities as of December 31, 2024, we believe this will be sufficient to fund our current operating plan into 2028.

Components of our results of operations

Revenue

We have not generated any revenue since our inception and do not expect to generate any revenue from the sale of products in the near future, if at all. If our development efforts for EFX or additional product candidates that we may develop in the future are successful and result in marketing approval or if we enter into collaboration or license agreements with third parties, we may generate revenue in the future from a combination of product sales or payments from such collaboration or license agreements.

Operating expenses

Research and development expenses

Research and development expenses consist primarily of costs incurred in connection with the development of EFX, as well as unrelated discovery stage program expenses. We expense research and development costs as incurred. These expenses include:

- employee-related expenses, including salaries, related benefits and stock-based compensation expense for employees engaged in research and development functions;
- expenses incurred under agreements with CROs that are primarily engaged in the oversight and conduct of our clinical trials; CMOs that are primarily engaged to provide drug substance and product for our clinical trials, research and development programs, as well as investigative sites and consultants that conduct our clinical trials, nonclinical studies and other scientific development services;
- the cost of acquiring and manufacturing nonclinical and clinical trial materials, including manufacturing registration and validation batches;
- costs related to compliance with quality and regulatory requirements; and
- payments made under third-party licensing agreements.

Advance payments that we make for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. Such amounts are recognized as an expense as the goods are delivered or the related services are performed, or until it is no longer expected that the goods will be delivered or the services rendered.

Product candidates in later stages of clinical development, such as EFX, generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect that our research and development expenses will increase substantially in connection with our planned clinical development activities in the near term and in the future. At this time, we cannot accurately estimate or know the nature, timing and costs of the efforts that will be necessary to complete the clinical development of EFX and any future product candidates.

Our clinical development costs may vary significantly based on factors such as:

- per patient trial costs;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the number of patients that participate in the trials;
- the number of doses that patients receive;
- the drop-out or discontinuation rates of patients enrolled in clinical trials;
- potential additional safety monitoring requested by regulatory agencies;
- the duration of patient participation in the trials and follow-up;
- any setbacks or delays to the initiation or completion of preclinical or non-clinical studies, product development or clinical trials;
- the cost and timing of manufacturing our product candidates, including on account of any disruption or delays to the supply of our product candidates;

- the phase of development of our product candidates; and
- the efficacy and safety profile of our product candidates.

The successful development and commercialization of product candidates is highly uncertain. This is due to the numerous risks and uncertainties associated with product development and commercialization, including the following:

- the timing and progress of nonclinical and clinical development activities;
- the number and scope of nonclinical and clinical programs we decide to pursue;
- the ability to raise necessary additional funds;
- the progress of the development efforts of parties with whom we may enter into collaboration arrangements;
- our ability to maintain our current development program and to establish new ones;
- our ability to establish new licensing or collaboration arrangements;
- the successful initiation and completion of clinical trials with safety, tolerability and efficacy profiles that are satisfactory to the FDA or any comparable foreign regulatory authority;
- the receipt and related terms of regulatory approvals from applicable regulatory authorities;
- the availability of drug substance, drug product, and delivery devices utilized in the production of our product candidate;
- establishing and maintaining agreements with third-party manufacturers for clinical supply for our clinical trials and commercial manufacturing, if our product candidate is approved;
- our ability to obtain and maintain patents, trade secret protection and regulatory exclusivity, both in the United States and internationally;
- our ability to protect our rights in our intellectual property portfolio;
- the commercialization of our product candidate, if and when approved;
- obtaining and maintaining third-party insurance coverage and adequate reimbursement;
- the acceptance of our product candidate, if approved, by patients, the medical community and third-party payors;
- competition with other products;
- the impacts of a pandemic, epidemic or outbreak of an infectious disease, such as COVID-19, on the supply of our product candidate and ability to successfully initiate and complete preclinical and non-clinical studies and clinical trials, to receive regulatory approval for our product candidate and to commercialize our product candidate, if approved; and
- a continued acceptable safety profile of our therapy following approval.

A change in the outcome of any of these variables with respect to the development of our product candidates could significantly change the costs and timing associated with the development of that product candidate. We may never succeed in obtaining regulatory approval for any of our product candidates.

General and administrative expenses

General and administrative expenses consist primarily of salaries, related benefits and stock-based compensation expense for personnel in executive, finance, corporate and business development, and administrative functions. General and administrative expenses also include legal fees relating to patent and corporate matters; professional fees for accounting, auditing, tax and administrative consulting services; insurance costs; administrative travel expenses; marketing expenses and other operating costs.

We anticipate that our general and administrative expenses will increase in the future as we increase our headcount to support development of EFX and our continued research activities. We also anticipate that we will incur increased accounting, audit, legal, tax, regulatory, compliance, and director and officer insurance costs, as well as investor and public relations expenses associated with maintaining compliance with exchange listing and SEC requirements.

Interest expense

Interest expense consists primarily of interest expense on our term loan with Hercules.

Other income

Other income consists primarily of interest income earned on our cash, cash equivalents and short- and long-term marketable securities.

Income taxes

Since our inception, we have not recorded any income tax benefits for the net losses we have incurred in each period or for our earned research and development tax credits, as we believe, based upon the weight of available evidence, that it is more likely than not that all of our net operating loss carryforwards and tax credits will not be realized. As of December 31, 2024, we had U.S. federal and state net operating loss carryforwards of \$333.0 million and \$660.8 million which may be available to offset future income tax liabilities and expire at various dates beginning in 2037. The federal net operating loss carryforwards include \$330.5 million, which may be carried forward indefinitely. As of December 31, 2024, we also had U.S. federal and state research and development tax credit carryforwards of \$26.4 million and \$3.4 million, respectively, which may be available to offset future tax liabilities which expire at various dates beginning in 2033, respectively. We have recorded a full valuation allowance against our net deferred tax assets at each balance sheet date.

Results of operations

Comparison of the years ended December 31, 2024 and 2023

The following table summarizes our results of operations for the years ended December 31, 2024 and 2023:

	Year Ended December 31,			
	2024	2023	\$ Change	% Change
	(in thousands, except percentages)			
Operating expenses:				
Research and development	\$ 247,497	\$ 141,798	\$ 105,699	75 %
General and administrative	37,926	31,072	6,854	22 %
Total operating expenses	285,423	172,870	112,553	65 %
Loss from operations	(285,423)	(172,870)	(112,553)	65 %
Interest expense	(4,668)	(3,099)	(1,569)	51 %
Interest and other income, net	38,031	24,210	13,821	57 %
Net loss	\$ (252,060)	\$ (151,759)	\$ (100,301)	66 %

Research and development expenses

The following table summarizes our research and development expenses incurred during the years ended December 31, 2024 and 2023:

	Year Ended December 31,			
	2024	2023	\$ Change	% Change
	(in thousands, except percentages)			
Research and development expenses:				
Direct EFX program expenses	\$ 219,966	\$ 120,684	\$ 99,282	82 %
Personnel and other R&D related expenses	27,531	21,114	6,417	30 %
Total research and development expenses	\$ 247,497	\$ 141,798	\$ 105,699	75 %

Research and development expenses were \$247.5 million and \$141.8 million for the years ended December 31, 2024 and 2023, respectively, an increase of \$105.7 million. Direct costs for our EFX program increased \$99.3 million, attributed primarily to an \$87.2 million increase in CRO expenses for our ongoing SYMMETRY and SYNCHRONY clinical trials, and a \$13.3 million increase in third-party contract manufacturing expenses for EFX. Personnel and other

research and development related expenses increased \$6.4 million, attributed to a \$3.7 million increase in stock-based compensation and a \$2.7 million increase in wage and wage-related expenses resulting from increased staff and other R&D related expenses. We expect that our research and development expenses will increase substantially in connection with our planned manufacturing and clinical development activities in the near term and in the future to support the ongoing development of EFX.

General and administrative expenses

General and administrative expenses were \$37.9 million and \$31.1 million for the years ended December 31, 2024 and 2023, respectively, an increase of \$6.9 million, attributed to a \$4.5 million increase in stock-based compensation, a \$1.5 million increase in other wage and wage-related expenses resulting from increased staff and a \$0.9 million increase in other general and administrative expenses.

Interest expense

Interest expense was \$4.7 million and \$3.1 million for the year ended December 31, 2024 and 2023, respectively, an increase of \$1.6 million related to the Hercules term loan.

Interest and other income, net

Interest and other income, net for the year ended December 31, 2024 is comprised primarily of \$38.6 million of interest income from our cash, cash equivalents and short-term and long-term term marketable securities compared to \$24.2 million for the year ended December 31, 2023. This increase is attributed to increased investment returns on our cash, cash equivalents and short- and long-term and marketable securities.

Comparison of the years ended December 31, 2023 and 2022

The following table summarizes our results of operations for the years ended December 31, 2023 and 2022:

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(in thousands, except percentages)			
Operating expenses:				
Research and development	\$ 141,798	\$ 85,284	\$ 56,514	66 %
General and administrative	31,072	29,872	1,200	4 %
Total operating expenses	172,870	115,156	57,714	50 %
Loss from operations	(172,870)	(115,156)	(57,714)	50 %
Interest expense	(3,099)	(739)	(2,360)	319 %
Interest and other income, net	24,210	3,862	20,348	527 %
Net loss	<u>\$ (151,759)</u>	<u>\$ (112,033)</u>	<u>\$ (39,726)</u>	<u>35 %</u>

Research and development expenses

The following table summarizes our research and development expenses incurred during the years ended December 31, 2023 and 2022:

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(in thousands, except percentages)			
Research and development expenses:				
Direct EFX program expenses	\$ 120,684	\$ 66,407	\$ 54,277	82 %
Personnel and other R&D related expenses	21,114	18,877	2,237	12 %
Total research and development expenses	<u>\$ 141,798</u>	<u>\$ 85,284</u>	<u>\$ 56,514</u>	<u>66 %</u>

Research and development expenses were \$141.8 million and \$85.3 million for the years ended December 31, 2023 and 2022, respectively, an increase of \$56.5 million. Direct costs for our EFX program increased \$54.3 million,

attributed primarily to a \$27.9 million increase in CRO expenses for our ongoing HARMONY, SYMMETRY, and SYNCHRONY clinical trials, an \$18.3 million increase in third-party contract manufacturing expenses for EFX, a \$7.5 million milestone payment to Amgen in connection with dosing the first patient in our Phase 3 SYNCHRONY program and a \$0.6 million increase in other research and development costs. Personnel and other research and development related expenses increased \$2.2 million; attributed to \$1.4 million increase in other non-EFX related research and development activities and a \$1.3 million increase in wage and wage-related expenses resulting from increased staff, offset by a \$0.5 million decrease in stock-based compensation. We expect that our research and development expenses will increase substantially in connection with our planned manufacturing and clinical development activities in the near term and in the future to support the ongoing programs.

General and administrative expenses

General and administrative expenses were \$31.1 million and \$29.9 million for the years ended December 31, 2023 and 2022, respectively, an increase of \$1.2 million which was due primarily to a \$1.5 million increase in other general and administrative expenses associated with running the company and a \$0.9 million increase in other wage and wage-related expenses resulting from increased staff, offset by a \$1.2 million decrease in stock-based compensation.

Interest expense

Interest expense was \$3.1 million and \$0.7 million for the year ended December 31, 2023 and 2022, respectively, an increase of \$2.4 million related to the Hercules term loan.

Interest and other income

Interest and other income for the year ended December 31, 2023 is comprised primarily of \$24.2 million of interest income from our cash, cash equivalents and short-term and long-term term marketable securities compared to \$3.9 million for the year ended December 31, 2022. This increase is related to increased investment returns on our cash, cash equivalents and short- and long-term and marketable securities.

Liquidity and capital resources

We have incurred significant operating losses from our inception through December 31, 2024. We have not yet commercialized any products and we do not expect to generate revenue from sales of products for several years, if at all. Through December 31, 2024, we have funded our operations primarily with proceeds from the sale of our redeemable convertible preferred stock, the initial public offering of our common stock in June 2019, and follow-on public offerings of our common stock in 2020, 2022, 2023, 2024 and January 2025. We have also funded our operations through the sale of common stock under ATM offerings, raising gross proceeds of \$127.4 million in 2023, \$80.3 million in 2024 and \$10.6 million in January of 2025. In January 2025, we raised gross proceeds of \$402.5 million from a follow-on public offering of our common stock. Other sources of working capital include a \$25.0 million equity investment from Pfizer, Inc. in 2022 and \$35.0 million in cumulative borrowings from a Term Loan provided by Hercules Capital, Inc., or Hercules.

From our inception through December 31, 2024, these and other funding sources have provided gross proceeds totaling \$1,497.3 million. As of December 31, 2024, we had cash, cash equivalents short and long-term marketable securities of \$797.8 million. We have invested our cash resources primarily in liquid money market accounts, U.S Treasuries and agency securities, commercial paper and corporate debt securities.

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

	Year Ended December 31,		
	2024	2023	2022
	(in thousands)		
Net cash used in operating activities	\$ (230,107)	\$ (145,367)	\$ (92,517)
Net cash used in investing activities	(109,708)	(223,623)	(63,825)
Net cash provided by financing activities	445,846	353,316	255,632
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>\$ 106,031</u>	<u>\$ (15,674)</u>	<u>\$ 99,290</u>

Cash flows from operating activities

Cash used in operating activities for the year ended December 31, 2024 was \$230.1 million, consisting of a net loss of \$252.1 million offset by non-cash charges of \$19.0 million, including \$29.7 million of stock-based compensation expense, offset by a decrease of \$13.1 million from net amortization of premiums from investments, and changes in our operating assets and liabilities of \$3.0 million. The changes in operating assets and liabilities was primarily related to the timing of payments and prepayments to our CROs and CMOs for ongoing clinical trial and manufacturing activities.

Cash used in operating activities for the year ended December 31, 2023 was \$145.4 million, consisting of a net loss of \$151.8 million offset by non-cash charges of \$13.1 million, including \$21.5 million of stock-based compensation expense offset by a decrease of \$10.0 million from net amortization of premiums from investments, and a decrease in changes in our operating assets and liabilities of \$6.7 million. The changes in operating assets and liabilities was primarily related to \$6.8 million increase in prepaid expenses and other assets and \$0.6 million increase in accounts payable, most of which are related to the timing of payments and prepayments to our CROs and CMOs for ongoing clinical trial and manufacturing activities. These amounts were partially offset by \$0.9 million decreases in accrued expenses and other liabilities mostly related to the timing of prepayments and payments to our CMOs and CROs for ongoing clinical trial and manufacturing activities.

Cash used in operating activities for the year ended December 31, 2022 was \$92.5 million, consisting of a net loss of \$112.0 million offset by non-cash charges of \$24.0 million, including \$23.2 million of stock-based compensation expense, and changes in our operating assets and liabilities of \$4.5 million. The changes in operating assets and liabilities was primarily related to \$2.1 million decrease in prepaid expenses and other assets and \$1.0 million increase in accounts payable, all of which are related to the timing of payments and prepayments to our CROs and CMOs for ongoing clinical trial and manufacturing activities. These amounts were partially offset by \$7.3 million decreases in accrued expenses and other liabilities mostly related to the timing of prepayments and payments to our CMOs and CROs for ongoing clinical trial and manufacturing activities.

Cash flows from investing activities

Cash used in investing activities for the year ended December 31, 2024 was \$109.7 million, consisting of \$516.0 million from the purchases of short- and long-term marketable securities offset by \$407.3 million from the maturities of short-term marketable securities.

Cash used in investing activities for the year ended December 31, 2023 was \$223.6 million, consisting of \$433.1 million from the purchases of short- and long-term marketable securities offset by \$209.5 million from the maturities of short-term marketable securities.

Cash used in investing activities for the year ended December 31, 2022 was \$63.8 million, consisting of \$101.4 million used in the purchase of short term securities offset by \$37.6 million from the maturities of short-term marketable securities.

Cash flows from financing activities

Cash provided by financing activities for the year ended December 31, 2024 was \$445.8 million, including \$344.8 from a follow-on public offering of our common stock, \$78.2 million from sales of our common stock under our ATM sales agreement, \$10.0 million from a Term Loan provided by Hercules and \$13.6 million in proceeds from the exercise of stock options and the issuance of employee stock purchase plan shares.

Cash provided by financing activities for the year ended December 31, 2023 was \$353.3 million, including \$15.0 million from a Term Loan provided by Hercules, \$123.8 million of net proceeds from the ATM offering, \$211.0 million of net proceeds from a registered direct offering and \$3.7 million in proceeds from the exercise of stock options and the issuance of employee stock purchase plan shares.

Cash provided by financing activities for the year ended December 31, 2022 was \$255.6 million, including \$216.2 million from follow-on public offering proceeds, net of underwriting discounts, \$25.0 million from an equity investment from Pfizer, Inc. through a registered direct common stock offering, \$10.0 million from a Term Loan

provided by Hercules and \$5.3 million in proceeds from the exercise of stock options and the issuance of employee stock purchase plan shares.

Description of Indebtedness

We have outstanding borrowings of \$35.0 million under a loan and security agreement, or Loan Agreement, with Hercules. We may borrow an additional \$30.0 million at our sole discretion until June 15, 2025 and an additional \$35.0 million at our sole discretion until June 15, 2026. In addition, up to an additional \$50.0 million may become available to us at Hercules' sole discretion. Borrowings under the loan are repayable in monthly interest-only payments until January 1, 2026. The interest-only period will be followed by equal monthly payments of principal plus interest until the loan maturity date of March 1, 2027. Outstanding borrowings bear interest at a variable annual rate equal to the greater of (a) 7.65% and (b) the Prime Rate (as reported in the Wall Street Journal) plus 3.65%. A further description of the Loan Agreement is presented in Note 6 to our consolidated financial statements.

Funding requirements

Our primary uses of capital are, and we expect will continue to be, research and development services, compensation and related expenses and general overhead costs. We expect to continue to incur significant expenses and operating losses for the foreseeable future. In addition, since the closing of our initial public offering ("IPO"), we have incurred and expect to continue to incur additional costs associated with operating as a public company. We anticipate that our expenses will increase significantly in connection with our ongoing activities. The timing and amount of our operating expenditures will depend largely on:

- the initiation, progress, timing, costs and results of nonclinical studies and clinical trials for EFX or any future product candidates we may develop;
- timing delays, if any, with respect to preclinical and clinical development of EFX or any future product candidates we may develop as a result of a pandemic, epidemic or outbreak of an infectious disease, or from the impact of geopolitical tensions;
- our ability to maintain our license to EFX from Amgen;
- the outcome, timing and cost of seeking and obtaining regulatory approvals from the FDA and comparable foreign regulatory authorities, including the potential for such authorities to require that we perform more nonclinical studies or clinical trials than those that we currently expect or change their requirements on studies or trials that had previously been agreed to;
- the cost to establish, maintain, expand, enforce and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with licensing, preparing, filing, prosecuting, defending and enforcing any patents or other intellectual property rights;
- the effect of competing technological and market developments;
- market acceptance of any approved product candidate, including product pricing, as well as product coverage and the adequacy of reimbursement by third-party payors;
- the cost of acquiring, licensing or investing in additional businesses, products, product candidates and technologies;
- the cost and timing of selecting, auditing and potentially validating a manufacturing site for commercial scale manufacturing;
- the cost of establishing sales, marketing and distribution capabilities for any product candidates for which we may receive regulatory approval and that we determine to commercialize; and
- our need to implement additional internal systems and infrastructure, including financial and reporting systems.

We expect that we will require additional funding to complete the clinical development of EFX, commercialize EFX, if we receive regulatory approval, and pursue in-licenses or acquisitions of other product candidates. If we receive regulatory approval for EFX or other product candidates, we expect to incur significant commercialization expenses related to product manufacturing, sales, marketing and distribution, depending on whether we choose to commercialize EFX ourselves.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances, and marketing,

distribution or licensing arrangements with third parties. To the extent that we raise additional capital through the sale of equity or convertible debt securities, ownership interest may be materially diluted, and the terms of such securities could include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include restrictive covenants that limit our ability to take specified actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings or other arrangements when needed, we may be required to delay, reduce or eliminate our product development or future commercialization efforts, or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Contractual obligations and other commitments

We have entered into agreements with CROs and CMOs to provide services in connection with our nonclinical studies and clinical trials and to manufacture clinical development materials. Apart from the contracts with non-cancelable purchase commitments, we have entered into other contracts in the normal course of business with certain CROs, CMOs, and other third parties for nonclinical research studies and testing, clinical trials and manufacturing services. These contracts do not contain any minimum purchase commitments and are cancelable by us upon prior notice. Payments due upon cancellation consist only of payments for services provided and expenses incurred, including non-cancelable obligations of our service providers, up to the date of cancellation.

Non-cancelable purchase and other arrangements decreased to \$25.6 million as of December 31, 2024, compared to \$32.1 million as of December 31, 2023. The decrease of \$6.5 million was primarily attributable to \$6.1 million decrease in the purchase and other obligations that support our clinical trials activities and a \$0.3 million decrease in operating lease obligations for the office space in South San Francisco, California.

Under the Amgen Agreement, we are obligated to pay Amgen up to \$30.0 million in connection with marketing approvals, and aggregate milestone payments of up to \$75.0 million upon the achievement of specified commercial milestones for all products licensed under the agreement. Commencing on the first commercial sale of licensed products, we are obligated to pay tiered royalties on escalating tiers of annual net sales of licensed products ranging from low to high single-digit percentages. The amount and timing of any contingent payment obligations to Amgen are not currently known. The first clinical milestone, in the amount of \$2.5 million, was paid to Amgen in August 2019 and a second milestone of \$7.5 million was paid in December 2023 with dosing the first patient in our Phase 3 SYNCHRONY program.

Critical accounting policies and estimates

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). The preparation of our consolidated financial statements and related disclosures requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, and expenses, as well as related disclosures. We base our estimates on historical experience, known trends and events, and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in Note 2 to our consolidated financial statements appearing elsewhere in this Annual Report, we believe that the following critical accounting policies and estimates reflect the most significant judgments and estimates used in the preparation of our consolidated financial statements.

Research and development expenses

As part of the process of preparing our consolidated financial statements, we are required to estimate our accrued and prepaid research and development expenses. This process involves reviewing open contracts and purchase orders, communicating with our applicable personnel to identify services that have been performed on our behalf and

estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of actual costs. The majority of our service providers invoice us in arrears for services performed, on a pre-determined schedule or when contractual milestones are met; however, some require advance payments. We make estimates of our research and development expenses, and related prepaids and accruals, as of each balance sheet date in the consolidated financial statements based on facts and circumstances known to us at that time. We periodically confirm the accuracy of these estimates with the service providers and make adjustments, if necessary. Examples of estimated accrued and prepaid research and development expenses include fees paid to:

- vendors in connection with nonclinical development activities;
- CROs and investigative sites in connection with nonclinical studies and clinical trials; and
- CMOs in connection with the production of nonclinical and clinical trial materials.

We base the expense recorded related to external research and development on our estimates of the services received and efforts expended pursuant to quotes and contracts with multiple CMOs and CROs that supply, conduct and manage nonclinical studies and clinical trials on our behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows. There may be instances in which payments made to our vendors will exceed the level of services provided and result in a prepayment of the expense. In accruing service fees, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from the estimate, we adjust the accrual or the amount of prepaid expenses accordingly. Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in reporting amounts that are too high or too low in any particular period. To date, there have not been any material adjustments to our prior estimates of accrued and prepaid research and development expenses.

Stock-based compensation

We measure all stock option awards granted to employees and nonemployees based on the fair value on the date of the grant and recognize compensation expense for those awards over the requisite service period, which is generally the vesting period of the respective award, on a straight-line basis. We account for forfeitures as they occur. We recognize stock-based compensation expense for awards that contain performance-based conditions using the accelerated attribution method when management determines it is probable that the performance condition will be satisfied. We estimate the fair value of stock option grants using the Black-Scholes option pricing model. Prior to our initial public offering, the exercise price for all stock options granted was at the estimated fair value of the underlying common stock as determined on the date of grant by our board of directors. Stock-based compensation for restricted stock units is measured based on the market closing price of our common stock on the grant date. Stock-based compensation expense is recognized on a straight-line basis over the requisite service period, generally four years.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model, which requires inputs based on certain subjective assumptions, including the expected stock price volatility, the expected term of the option, the risk-free interest rate for a period that approximates the expected term of the option, and our expected dividend yield. We currently estimate our expected share price volatility using a combination weighting of the historical volatility of publicly traded peer companies and the volatility of our traded share price and expect to continue to do so until mid-2025. The expected term of our stock options has been determined utilizing the "simplified" method for awards that qualify as "plain-vanilla" options. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that we have never paid cash dividends on our common stock and do not expect to pay any cash dividends in the foreseeable future. The fair value of each restricted common stock award is estimated on the date of grant based on the fair value of our common stock on that same date.

Compensation expense for purchases under the Employee Stock Purchase Plan is recognized based on the fair value of the common stock estimated based on the closing price of our common stock as reported on the date of offering, less the purchase discount percentage provided for in the plan.

Stock-based compensation expense was \$29.7 million, \$21.5 million and \$23.2 million for the years ended December 31, 2024, 2023 and 2022, respectively. As of December 31, 2024, we had \$58.7 million and \$18.3 million of

unrecognized stock-based compensation costs related to stock options and Restricted Stock Units (RSUs), which we expect to recognize over a weighted-average period of 2.71 years and 3.18 years for stock options and RSUs, respectively.

We have not recognized, and we do not expect to recognize in the near future, any tax benefit related to stock-based compensation expense as a result of the full valuation allowance on our deferred tax assets including deferred tax assets related to our net operating loss carryforwards.

Recent accounting pronouncements

See Note 2 to our consolidated financial statements included in Part I, Item 1, “Notes to Consolidated Financial Statements,” of this Annual Report on Form 10-K for a description of recent accounting pronouncements applicable to our business. None of these pronouncements had a material impact on our financial position or results of operations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

We are exposed to market risk related to changes in interest rates. We had cash, cash equivalents, short-term and long-term marketable securities of \$797.8 million as of December 31, 2024, which consisted primarily of money market funds and U.S. Treasury-backed securities which are investment grade.

The primary objective of our investment activities is to preserve capital to fund our operations. We also seek to maximize income from our investments without assuming significant risk. To achieve our objectives, we maintain a portfolio of investments in a variety of securities of high credit quality and short and long-term duration, according to our board-approved investment policy. Our investments are subject to interest rate risk and could fall in value if market interest rates increase.

Additionally, the Company has a variable interest rate term loan that is impacted by the increase in interest rates. A hypothetical 10% relative change in interest rates during any of the periods presented would not have a material impact on our consolidated financial statements.

Foreign Currency Risk

The majority of our transactions occur in U.S. dollars. However, we do have certain transactions that are denominated in currencies other than the U.S. dollar, primarily the Euro and British Pound, and we therefore are subject to foreign exchange risk. The fluctuation in the value of the U.S. dollar against other currencies affects the reported amounts of expenses, assets and liabilities primarily associated with a limited number of manufacturing activities. The effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have had a material impact on our historical consolidated financial statements for the years ended December 31, 2024, 2023 and 2022.

Inflation Risk

Although we do not believe that inflation has had a material effect on our business, financial position or results of operations to date, we may experience some effect in the near future (especially if inflation rates continue to rise) due to an impact on the costs to conduct clinical trials, manufacturing and supply costs, labor costs we incur to attract and retain qualified personnel, and other operational costs. Inflationary costs could adversely affect our business, financial condition and results of operations.

Item 8. Financial Statements and Supplementary Data

**AKERO THERAPEUTICS, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

	<u>Page</u>
Report of Independent Registered Accounting Firm (PCAOB ID 34)	115
Audited Consolidated Financial Statements:	117
Consolidated Balance Sheets as of December 31, 2024 and 2023	117
Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31, 2024, 2023 and 2022	118
Consolidated Statements of Stockholders' Equity (Deficit) for the years ended December 31, 2024, 2023 and 2022	119
Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022	120
Notes to Consolidated Financial Statements	121

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Akero Therapeutics, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Akero Therapeutics, Inc. and subsidiaries (the “Company”) as of December 31, 2024 and 2023, the related consolidated statements of operations and comprehensive loss, stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2025, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

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

Research and development expenses related to contract research organizations and contract manufacturing organizations — Refer to Note 2 to the financial statements

Critical Audit Matter Description

The Company incurs certain research and development expenses from third-party contract research organizations (“CROs”) and contract manufacturing organizations (“CMOs”). The Company recognizes and measures these expenses based on the date on which services commence and the extent of services performed during the applicable reporting period. Depending on the timing of payments to and services provided by the third-parties, the Company recognizes accrued expenses or prepaid expenses.

In estimating the extent of services performed, the Company utilizes information supplied by third-party CROs and CMOs and discussions with Company research and development personnel, pertaining to the progress and status of research and development activities under contract.

We identified research and development costs related to CROs and CMOs as a critical audit matter because of the judgments necessary for the Company to estimate the extent of service performed and the associated expense

incurred. A high degree of auditor judgment and an increased extent of effort was required when auditing the Company's estimates of the extent of services performed and expenses incurred and evaluating the results of those procedures.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to research and development expenses related to CROs and CMOs included the following, among others:

- We evaluated the Company's overall estimation methodology and assumptions as compared to the evidence obtained.
- We tested the design and operating effectiveness of controls over the estimation of research and development expenses related to CROs and CMOs.
- We evaluated publicly available information and board of directors' materials regarding the status of research and development activities.
- We made selections and tested on a sample basis the research and development expenses related to CROs and CMOs balances by:
 - o Obtaining and reading the related contracts to understand key provisions and agreeing them to the Company's analysis.
 - o Obtaining and inspecting third-party documents received from the vendors related to the services provided and comparing them to the Company's schedule of estimated expenses incurred to date.
 - o Obtaining and inspecting confirmations from select vendors confirming the accuracy and completeness of the data and information provided to the Company.
 - o Testing the mathematical accuracy of the underlying data used in the estimates of the services provided.
 - o Inspecting meeting minutes between the Company's finance team and clinical and manufacturing operations teams, and corroborating the progress of research and development activities through inquiry with the Company's clinical operations and manufacturing operations personnel.
- We examined subsequent invoices received from vendors and cash disbursements made subsequent to the balance sheet date and inquired of clinical and manufacturing operations to corroborate the applicable service period in order to evaluate completeness of the research and development expenses related to CROs and CMOs.

/s/ Deloitte & Touche LLP

Morristown, NJ

February 27, 2025

We have served as the Company's auditor since 2018.

PART I—FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Akero Therapeutics, Inc.

Consolidated Balance Sheets (In thousands, except share and per share amounts)

	December 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 340,238	\$ 234,207
Short-term marketable securities	402,840	315,803
Prepaid expenses and other current assets	27,302	9,952
Total current assets	770,380	559,962
Long-term marketable securities	54,751	19,283
Property and equipment, net	—	18
Right of use asset	755	1,008
Total assets	<u>\$ 825,886</u>	<u>\$ 580,271</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 9,027	\$ 7,038
Accrued expenses and other current liabilities	30,727	12,090
Total current liabilities	39,754	19,128
Loan payable, noncurrent	35,297	24,964
Warrant liability	194	54
Operating lease liability, noncurrent	529	819
Total liabilities	<u>75,774</u>	<u>44,965</u>
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Common stock, \$0.0001 par value, 150,000,000 shares authorized as of December 31, 2024 and December 31, 2023; 72,383,013 and 55,754,445 shares issued and outstanding as of December 31, 2024 and December 31, 2023, respectively	7	6
Additional paid-in capital	1,575,313	1,109,126
Accumulated other comprehensive income	948	270
Accumulated deficit	(826,156)	(574,096)
Total stockholders' equity	<u>750,112</u>	<u>535,306</u>
Total liabilities and stockholders' equity	<u>\$ 825,886</u>	<u>\$ 580,271</u>

The accompanying notes are an integral part of these consolidated financial statements.

Akero Therapeutics, Inc.

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

	Year ended December 31,		
	2024	2023	2022
Operating expenses:			
Research and development	\$ 247,497	\$ 141,798	\$ 85,284
General and administrative	37,926	31,072	29,872
Total operating expenses	285,423	172,870	115,156
Loss from operations	(285,423)	(172,870)	(115,156)
Interest expense	(4,668)	(3,099)	(739)
Interest and other income, net	38,031	24,210	3,862
Net loss	(252,060)	(151,759)	(112,033)
Net unrealized gain on marketable securities	678	233	64
Comprehensive loss	<u>\$ (251,382)</u>	<u>\$ (151,526)</u>	<u>\$ (111,969)</u>
Net loss per common share, basic and diluted	<u>\$ (3.75)</u>	<u>\$ (2.89)</u>	<u>\$ (2.87)</u>
Weighted-average number of shares used in computing net loss per common share, basic and diluted	<u>67,136,772</u>	<u>52,568,159</u>	<u>38,984,772</u>

The accompanying notes are an integral part of these consolidated financial statements.

Akero Therapeutics, Inc.

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

	Common Stock			Additional	Accumulated Other	Accumulated	Total
	Shares	Amount		Paid-In-Capital	Comprehensive Gain (Loss)	Deficit	Stockholders' Equity (Deficit)
Balances at December 31, 2021	34,900,727	\$	4	\$ 479,436	\$ (27)	\$ (310,304)	\$ 169,109
Exercise of stock options	559,145		—	5,238	—	—	5,238
Issuance of common stock pursuant to ESPP purchases	33,928		—	280	—	—	280
Issuance of common stock pursuant to equity investment by Pfizer, net of issuance costs	2,525,252		—	24,647	—	—	24,647
Vested warrants issued pursuant to loan agreement	—		—	227	—	—	227
Issuance of common stock upon closing of follow-on public offering, net of issuance costs	8,846,154		1	215,786	—	—	215,787
Stock-based compensation expense	—		—	23,243	—	—	23,243
Net unrealized gain on short-term marketable securities	—		—	—	64	—	64
Net loss	—		—	—	—	(112,033)	(112,033)
Balances at December 31, 2022	46,865,206	\$	5	\$ 748,857	\$ 37	\$ (422,337)	\$ 326,562
Exercise of stock options	593,959		—	3,267	—	—	3,267
Common stock issued for vested restricted stock units	38,641		—	—	—	—	—
Issuance of common stock pursuant to ESPP purchases	12,087		—	396	—	—	396
Vested warrants issued pursuant to loan agreement	—		—	330	—	—	330
Issuance of common stock pursuant to At-The-Market ("ATM") offering, net of issuance costs	3,006,052		—	123,824	—	—	123,824
Issuance of common stock pursuant to a direct offering, net of issuance costs	5,238,500		1	210,955	—	—	210,956
Stock-based compensation expense	—		—	21,497	—	—	21,497
Net unrealized gain on marketable securities	—		—	—	233	—	233
Net loss	—		—	—	—	(151,759)	(151,759)
Balances at December 31, 2023	55,754,445	\$	6	\$ 1,109,126	\$ 270	\$ (574,096)	\$ 535,306
Exercise of stock options	1,072,005		—	13,145	—	—	13,145
Common stock issued for vested restricted stock units	133,291		—	—	—	—	—
Issuance of common stock pursuant to ESPP purchases	23,365		—	464	—	—	464
Vested warrants issued pursuant to loan agreement	—		—	431	—	—	431
Issuance of common stock pursuant to a follow-on offering, net of issuance costs	12,650,000		1	344,437	—	—	344,438
Issuance of common stock pursuant to ATM offering, net of issuance costs	2,749,907		—	78,012	—	—	78,012
Stock-based compensation expense	—		—	29,698	—	—	29,698
Net unrealized gain on marketable securities	—		—	—	678	—	678
Net loss	—		—	—	—	(252,060)	(252,060)
Balances at December 31, 2024	72,383,013	\$	7	\$ 1,575,313	\$ 948	\$ (826,156)	\$ 750,112

The accompanying notes are an integral part of these consolidated financial statements.

Akero Therapeutics, Inc.

Consolidated Statements of Cash Flows
(In thousands)

	Year ended December 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (252,060)	\$ (151,759)	\$ (112,033)
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock-based compensation expense	29,698	21,497	23,243
Depreciation	18	29	43
Non-cash lease expense	253	234	217
Net amortization of premiums and discounts on marketable securities	(13,118)	(9,554)	(12)
Amortization of debt issuance costs and discount	607	448	204
Fair value change in warrant liability	517	79	264
Write-off of deferred offering costs	—	337	—
Unrealized foreign exchange gain and loss	(19)	(8)	16
Acquired in-process research and development expense	999	—	—
Changes in operating assets and liabilities:			
Prepaid expenses and other assets	(17,350)	(6,740)	2,112
Accounts payable	2,008	(645)	968
Accrued expenses and other current liabilities	18,599	946	(7,333)
Operating lease liability	(259)	(231)	(206)
Net cash used in operating activities	(230,107)	(145,367)	(92,517)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of short-term and long-term marketable securities	(516,044)	(433,123)	(101,446)
Proceeds from maturities of short-term marketable securities	407,335	209,500	37,621
Purchase of in-process research and development	(999)	—	—
Net cash used in investing activities	(109,708)	(223,623)	(63,825)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the exercise of stock options	13,145	3,267	5,016
Proceeds from the issuance of common stock pursuant to employee stock purchase plan purchases	464	396	280
Proceeds from the issuance of common stock in a follow-on public offering	344,839	—	216,200
Proceeds from the issuance of common stock pursuant to the ATM offering	78,242	124,212	—
Proceeds from the issuance of common stock pursuant to registered direct offering	—	211,217	—
Proceeds from the issuance of common stock pursuant to private offering	—	—	25,000
Proceeds from loan payable	10,000	15,000	10,000
Payment of debt and equity issuance costs	(844)	(776)	(864)
Net cash provided by financing activities	445,846	353,316	255,632
Net increase (decrease) in cash, cash equivalents and restricted cash	106,031	(15,674)	99,290
Cash, cash equivalents and restricted cash at the beginning of the period	234,207	249,881	150,591
Cash, cash equivalents and restricted cash at the end of the period	<u>\$ 340,238</u>	<u>\$ 234,207</u>	<u>\$ 249,881</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for interest	\$ 3,982	\$ 2,483	\$ 441
NON-CASH INVESTING AND FINANCING INFORMATION:			
Change in net unrealizable gain on marketable securities	\$ 678	\$ 233	\$ 64
Warrant liability costs reclassified to additional paid-in equity on vested warrants issued	\$ 431	\$ 330	\$ —
Debt and equity issuance costs included in accounts payable and accrued expenses and other current liabilities	\$ 7	\$ —	\$ 285
Deferred offering costs reclassified to additional paid-in equity	\$ —	\$ 364	\$ 150

The accompanying notes are an integral part of these consolidated financial statements.

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements (Amounts in thousands, except share and per share data)

1. Nature of the business and basis of presentation

Akero Therapeutics, Inc., together with its wholly owned subsidiary Akero Securities Corporation, (“Akero” or the “Company”), is a clinical-stage company dedicated to developing transformational treatments for patients with serious metabolic diseases marked by high unmet medical need, including metabolic dysfunction-associated steatohepatitis, or MASH, formerly known as non-alcoholic steatohepatitis, or NASH. MASH is a severe form of metabolic dysfunction-associated steatotic liver disease, or MASLD, formerly known as nonalcoholic fatty liver disease, or NAFLD, characterized by inflammation and fibrosis in the liver that can progress to cirrhosis, liver failure, cancer and death. The Company's lead product candidate, efruxifermin, or EFX, is an analog of fibroblast growth factor 21, or FGF21, which is an endogenously expressed hormone that protects against cellular stress and regulates metabolism of lipids, carbohydrates and proteins throughout the body. The Company has initiated a Phase 3 program called SYNCHRONY, which is comprised of three ongoing clinical trials (*Outcomes*, *Histology*, and *Real-World*) designed to support applications for marketing approval for patients with pre-cirrhotic MASH (F2-F3) and compensated cirrhosis (F4) due to MASH. The SYNCHRONY program builds on two biopsy-based Phase 2b trials in corresponding patient populations, with a combined total of over 300 patients treated for up to 96 weeks. Based on statistically significant fibrosis regression and MASH resolution among patients with either biopsy-confirmed pre-cirrhotic MASH (F2-F3) or compensated cirrhosis (F4) due to MASH, the Company believes EFX has the potential, if approved, to be an important medicine for treating MASH.

The Company is subject to risks and uncertainties common to mid-stage companies in the biotechnology industry, including, but not limited to, completion and success of clinical testing, preparation for a potential commercial launch of EFX, if approved, development by competitors of new technological innovations, compliance with governmental regulations, dependence on key personnel and protection of proprietary technology and the ability to secure additional capital to fund operations. EFX will require extensive clinical testing prior to regulatory approval and commercialization. These efforts require significant amounts of additional capital, adequate personnel and infrastructure and extensive compliance-reporting capabilities. Even if the Company's drug development efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales.

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and include the accounts of the Company after elimination of all intercompany accounts and transactions. All adjustments necessary for the fair presentation of the Company's consolidated financial statements for the periods presented have been reflected.

Liquidity

In accordance with Accounting Standards Update (“ASU”) No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (Subtopic 205-40)*, the Company has evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

Since its inception, the Company has raised \$1,497,264 in capital funds, including \$105,800 in proceeds from its initial public offering (“IPO”) in June 2019, \$1,265,964 in proceeds from the sales of common stock in equity offerings between 2020 and 2024, which includes a \$25,000 equity investment from Pfizer, Inc. in 2022, \$90,500 in proceeds from the sale of redeemable convertible preferred stock and \$35,000 in venture debt borrowings. The Company has incurred recurring losses since its inception, including net losses of \$252,060, \$151,759 and \$112,033 for the years ended December 31, 2024, 2023 and 2022, respectively. In addition, as of December 31, 2024, the Company had an accumulated deficit of \$826,156. The Company expects to continue to generate operating losses for the foreseeable future. As of the issuance date of these consolidated financial statements, the Company expects that its existing cash, cash equivalents, short-term and long-term marketable securities of \$797,829 as of December 31, 2024, will be sufficient to fund its operating expenses and capital expenditure requirements for at least 12 months from the issuance date of these consolidated financial statements. The Company expects that it will require additional funding to complete the clinical

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements **(Amounts in thousands, except share and per share data)**

development of EFX, commercialize EFX, if it receives regulatory approval, and pursue in-licenses or acquisitions of other product candidates.

If the Company is unable to obtain funding, the Company will be forced to delay, reduce or eliminate some or all of its research and development programs, product portfolio expansion or commercialization efforts, which could adversely affect its business prospects, or the Company may be unable to continue operations. Although management continues to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient funding on terms acceptable to the Company to fund continuing operations, if at all.

2. Summary of significant accounting policies

Operating segment information

Operating segments are defined as components of an enterprise for which separate and discrete information is available for evaluation by the chief operating decision-maker in deciding how to allocate resources and assess performance. The Company has one operating segment. The Company's focus is the research and development of treatments for patients with serious metabolic diseases marked by high unmet medical need, including MASH. The Company's chief operating decision maker, its chief executive officer, manages the Company's operations on a consolidated basis for the purpose of allocating resources.

Use of estimates

The preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to, the recognition of research and development expenses, stock-based compensation expense, warrant liabilities and the valuation allowance for deferred tax assets. The Company bases its estimates on historical experience, known trends and other market-specific or other relevant factors that it believes to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates when there are changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. Cash equivalents consist primarily of amounts invested in money market accounts. The fair value of cash equivalents approximate their carrying values due to the short-term nature of such financial instruments.

Short and long-term marketable securities

The Company invests in short-term and long-term marketable securities, primarily money market funds, commercial paper, U.S. treasury securities and corporate debt securities. The Company continually evaluates the credit ratings of its investment portfolio and underlying securities. The Company invests in accordance with its investment policy and invests at the date of purchase in securities with high ratings from top rating agencies. The Company classifies its short-term and long-term marketable securities as available-for-sale securities and reports them at fair value in short and long-term marketable securities on the consolidated balance sheets with related unrealized gains and losses included within accumulated other comprehensive gain (loss) on the consolidated balance sheets. The amortized cost of marketable securities is adjusted for amortization of premiums and accretion of discounts to maturity, which is included in other income on the consolidated statements of operations and comprehensive loss. When the fair value is below the amortized cost of a marketable security, the Company reviews and determines whether the impairment is due to credit-related factors or noncredit-related factors. The credit-related impairment amount is recognized in other income on the consolidated

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements (Amounts in thousands, except share and per share data)

statements of operations and comprehensive loss, with a corresponding allowance for credit losses account in the consolidated balance sheet. Subsequent improvements in expected credit losses are recognized as a reversal of an amount in the allowance account. If the Company has the intent to sell the security or it is more likely than not that the Company will be required to sell the security prior to recovery of its amortized cost basis, then the allowance for the credit loss is written-off and the excess of the amortized cost basis of the asset over its fair value is recorded in the consolidated statements of operations. There were no credit losses recorded during the years ended December 31, 2024, 2023 and 2022.

Restricted cash

As of December 31, 2022, the Company was required to maintain a separate cash balance of \$108 for the benefit of the landlord in connection with the Company's Gateway office space lease in South San Francisco, California (the "Gateway Lease"), which is classified within other assets (non-current) on the consolidated balance sheets (see Note 12). The Company was not required to maintain a separate cash balance for the benefit of the landlord as of December 31, 2024 and 2023.

Concentrations of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents, short-term and long-term marketable securities. Periodically, the Company maintains deposits in accredited financial institutions in excess of federally insured limits. The Company deposits its cash investments in financial institutions that it believes have high credit quality and has not experienced any losses on such accounts and does not believe it is exposed to any unusual credit risk beyond the normal credit risk associated with commercial banking relationships. At December 31, 2024, all of the Company's cash, cash equivalents, short and long-term investments were held at three accredited financial institutions.

Leases

The Company determines whether an arrangement is or contains a lease at inception by assessing whether the arrangement contains an identified asset and whether the Company has the right to control the identified asset. Right-of-use ("ROU"), assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the lease term. ROU assets are based on the measurement of the lease liability and are further adjusted by any lease payments made prior to or on lease commencement, lease incentives received and initial direct costs incurred, as applicable. The Company has elected to not recognize leases with a lease term of one year or less on its balance sheet. Operating lease costs included in the measurement of the lease are recognized on a straight-line basis over the lease term. Variable lease costs are expensed as incurred as an operating expense.

The Company determines the lease classification and the present value of future lease payments at the time of the lease commencement using an incremental borrowing rate that it estimates based upon the Company's credit risk and term of the lease. The interest rate implicit in lease contracts has not historically been readily determinable and the Company must therefore use the appropriate incremental borrowing rate to measure its leases. To estimate the incremental borrowing rate, a credit rating applicable to the Company is estimated using a synthetic credit rating analysis since the Company does not currently have a rating agency-based credit rating.

Research and development costs

Research and development costs are expensed as incurred. Research and development expenses consist of costs incurred to discover, research and develop drug candidates, including personnel expenses, stock-based compensation expense, third-party license fees and external costs including fees paid to consultants, contract manufacturing organizations, or CMOs, and clinical research organizations, or CROs, in connection with drug product manufacturing, nonclinical studies and clinical trials, and other related clinical trial fees, such as for investigator grants, patient screening, laboratory work, clinical trial database management, clinical trial material management and statistical compilation and

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements **(Amounts in thousands, except share and per share data)**

analysis. Non-refundable prepayments for goods or services that will be used or rendered for future research and development activities are recorded as prepaid expenses. Such amounts are recognized as an expense as the goods are delivered or the related services are performed, or until it is no longer expected that the goods will be delivered or the services rendered.

Foreign currency transaction gains and losses related to the purchase of contract manufacturing services are included as a component of research and development expense.

Costs incurred in obtaining technology licenses are charged immediately to research and development expense if the technology licensed has not reached technological feasibility and has no alternative future uses.

Accrued and prepaid research and development expenses

The Company has entered into various research and development and other agreements with commercial firms, researchers and others for provisions of goods and services. These agreements are generally cancelable, and the related costs are recorded as research and development expenses as incurred. The Company makes estimates of accrued and prepaid research and development expenses as of each balance sheet date based on facts and circumstances known at that time. When evaluating the adequacy of the accrued liabilities and the appropriateness of the prepaid expenses, the Company analyzes progress of the studies or clinical trials, including the phase or completion of events, invoices received and contracted costs. Significant judgments and estimates are made in determining the accrued and prepaid balances at the end of any reporting period. Actual results could differ materially from the Company's estimates.

Stock-based compensation

The Company makes stock-based awards from its stock compensation plans (see Note 8). The Company measures all stock option awards granted to employees and nonemployees based on the fair value on the date of the grant and recognizes compensation expense for those awards over the requisite service period, which is generally the vesting period of the respective award, on a straight-line basis. The Company accounts for forfeitures as they occur. The Company recognizes stock-based compensation expense for awards that contain performance-based conditions using the accelerated attribution method when management determines it is probable that the performance condition will be satisfied. The Company measures for restricted stock units awards based on the market closing price of the Company's common stock on the grant date. Stock-based compensation expense for these awards is recognized on a straight-line basis over the requisite service period, generally four years.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model, which requires inputs based on certain subjective assumptions, including the expected stock price volatility, the expected term of the option, the risk-free interest rate for a period that approximates the expected term of the option, and the Company's expected dividend yield. The Company currently estimates its share price volatility using a combined weighting of the historical volatility of publicly traded peer companies and the volatility of its traded share price and expects to continue to do so until mid-2025. The expected term of the Company's stock options has been determined utilizing the "simplified" method for awards that qualify as "plain-vanilla" options. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends on common stock and the expectation that it will not pay any cash dividends in the foreseeable future.

Compensation expense for purchases under the Employee Stock Purchase Plan is recognized based on the fair value of the common stock estimated based on the closing price of our common stock as reported on the date of offering, less the purchase discount percentage provided for in the plan.

The Company classifies stock-based compensation expense in its consolidated statement of operations and comprehensive loss in the same manner in which the award recipient's payroll costs are classified or in which the award recipient's service payments are classified.

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements **(Amounts in thousands, except share and per share data)**

Loan Payable

Loan Payable represents borrowings under the Loan and Security Agreement, dated June 15, 2022 (“Loan Agreement”) with Hercules Capital, Inc. (“Hercules”), subsequently amended on June 7, 2023 and February 28, 2024, which the Company has accounted for as a debt financing arrangement. Interest expense is accrued using the effective interest rate method over the estimated period the loan will be repaid. Loan issuance costs have been recorded as a debt discount in the consolidated balance sheets and are being amortized and recorded as interest expense throughout the life of the Loan Agreement using the effective interest rate method. The Company considered whether there were any embedded features in the Loan Agreement that require bifurcation and separate accounting as derivative financial instruments pursuant to Accounting Standards Codification (“ASC”) Topic 815, *Derivatives and Hedging*.

The Loan Agreement was amended on February 28, 2024. The Company accounted for the amendment as a debt modification arrangement pursuant to ASC Topic 470, *Debt—Modifications and Extinguishments*.

Warrant liabilities

The Company accounts for warrants anticipated to be issued in the future under the Loan Agreement as liabilities and measures them at fair value using the Black-Scholes valuation model. The warrants are subject to remeasurement at each prospective balance sheet date, with any changes in the fair value recorded in the consolidated statements of operations.

Income taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the consolidated financial statements or in the Company's tax returns. Deferred tax assets and liabilities are determined based on the difference between the consolidated financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent it believes, based upon the weight of available evidence, that it is more likely than not that all or a portion of the deferred tax assets will not be realized, a valuation allowance is established through a charge to income tax expense. Potential for recovery of deferred tax assets is evaluated by estimating the future taxable profits expected and considering prudent and feasible tax planning strategies.

The Company accounts for uncertainty in income taxes recognized in the consolidated financial statements by applying a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination by the taxing authorities. If the tax position is deemed more-likely-than-not to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the consolidated financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement. The provision for income taxes includes the effects of any resulting tax reserves, or unrecognized tax benefits, that are considered appropriate as well as the related net interest and penalties.

Net loss per share

Basic net loss per share is calculated by dividing the net loss by the weighted average number of shares of common stock outstanding during the period, without consideration of common stock equivalents. Diluted net loss per share is the same as basic net loss per share, since the effects of potentially dilutive securities are antidilutive given the Company's net loss.

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements (Amounts in thousands, except share and per share data)

Comprehensive loss

Comprehensive loss includes net loss as well as other changes in stockholders' equity (deficit) that result from transactions and economic events other than those with stockholders. The Company's comprehensive loss is comprised of net loss and changes in unrealized gains and losses on its short and long-term marketable securities.

Recently Adopted Accounting Pronouncements

In November 2023, the FASB, issued Accounting Standards Update ("ASU") ASU No. 2023-07, *Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures*, to improve reportable segment disclosure requirements. The amendment introduced new requirements to disclose significant segment expenses regularly provided to the chief operating decision maker ("CODM") and extend certain annual disclosures to interim periods. Entities with a single reportable segment must apply ASC 280 in its entirety, are permitted to report more than one measure of segment profit or loss under certain conditions and are required to disclose the title and position of the CODM. ASU No. 2023-07 is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company adopted ASU 2023-07 effective January 1, 2024. The adoption of this guidance did not have a significant impact on the Company's related disclosures (see Note 13).

Recently Issued Accounting Standards Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. Under ASU 2023-09, entities are required to uniformly classify and present greater disaggregation of information in the rate reconciliation and income taxes paid. ASU 2023-09 is intended to benefit investors by improving the transparency and decision usefulness of income tax disclosures. The new standard is effective for annual periods beginning after December 15, 2024. The Company does not expect the adoption of this new guidance to have a material impact on the financial statements.

In November 2024, the FASB issued ASU No. 2024-03, *Comprehensive Income - Expense Disaggregation Disclosures*, which will improve the disclosures about a public business entity's expenses and address requests from investors for more detailed information about the types of expenses in commonly presented expense captions such as cost of sales, selling, general and administrative, and research and development. The amendments are effective for fiscal years beginning after December 15, 2026. Early adoption is permitted for annual financial statements that have not yet been issued or made available. The amendments should be applied on either (1) prospectively to financial statements issued for reporting periods after the effective date or (2) retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the provisions of the amendments and the effect on its future consolidated financial statements.

3. Fair value measurements

Certain assets and liabilities of the Company are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements
(Amounts in thousands, except share and per share data)

- Level 3—Unobservable inputs that are supported by little or no market activity that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The following is a summary of the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 and 2023:

December 31, 2024				
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 314,092	\$ 314,092	\$ —	\$ —
U.S. Treasury securities	248,885	248,885	—	—
U.S. Government agency securities	60,691	—	60,691	—
Commercial paper	34,544	—	34,544	—
Corporate debt securities	113,471	—	113,471	—
Total assets	<u>\$ 771,683</u>	<u>\$ 562,977</u>	<u>\$ 208,706</u>	<u>\$ —</u>
Warrant liabilities	\$ 194	\$ —	\$ —	\$ 194
Total liabilities	<u>\$ 194</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 194</u>
December 31, 2023				
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 206,879	\$ 206,879	\$ —	\$ —
U.S. Treasury securities	117,307	117,307	—	—
U.S. Government agency securities	133,297	—	133,297	—
Commercial paper	68,708	—	68,708	—
Corporate debt securities	15,774	—	15,774	—
Total assets	<u>\$ 541,965</u>	<u>\$ 324,186</u>	<u>\$ 217,779</u>	<u>\$ —</u>
Warrant liabilities	\$ 54	\$ —	\$ —	\$ 54
Total liabilities	<u>\$ 54</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 54</u>

Level 2 assets were valued by the Company using quoted prices in active markets for similar securities.

The carrying values of the Company's prepaid expenses and other current assets, accounts payable and accrued expenses approximate their fair values due to the short-term nature of these assets and liabilities. During the years ended December 31, 2024 and 2023, there were no transfers between Level 1, Level 2 and Level 3.

The Loan Payable is classified as a Level 3 liability. As of December 31, 2024, the carrying value of the Loan Payable, approximates its fair value. The Company estimated the fair value of the warrant liabilities using the Black-Scholes model based on key assumption and inputs (see Note 6). The Company utilizes a probability assessment to estimate the likelihood of vesting for the remaining Loan Agreement warrants and allocated the probability of occurrence percentage to the fair values calculated.

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements
(Amounts in thousands, except share and per share data)

4. Short and long-term marketable securities

The following is a summary of short-term and long-term marketable securities as of December 31, 2024 and 2023:

	December 31, 2024				
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Credit losses	Fair value
Money market funds	\$ 314,092	\$ —	\$ —	\$ —	\$ 314,092
U.S. Treasury securities	248,202	738	(55)	—	248,885
U.S. Government agency securities	60,596	95	—	—	60,691
Commercial paper	34,500	45	(1)	—	34,544
Corporate debt securities	113,346	141	(16)	—	113,471
	<u>\$ 770,736</u>	<u>\$ 1,019</u>	<u>\$ (72)</u>	<u>\$ —</u>	<u>\$ 771,683</u>
Cash equivalents					\$ 314,092
Short-term marketable securities					402,840
Long-term marketable securities					54,751
					<u>\$ 771,683</u>

	December 31, 2023				
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Credit losses	Fair value
Money market funds	\$ 206,879	\$ —	\$ —	\$ —	\$ 206,879
U.S. Treasury securities	117,058	255	(6)	—	117,307
U.S. Government agency securities	133,279	78	(60)	—	133,297
Commercial paper	68,707	10	(9)	—	68,708
Corporate debt securities	15,773	1	—	—	15,774
	<u>\$ 541,696</u>	<u>\$ 344</u>	<u>\$ (75)</u>	<u>\$ —</u>	<u>\$ 541,965</u>
Cash equivalents					\$ 206,879
Short-term marketable securities					315,803
Long-term marketable securities					19,283
					<u>\$ 541,965</u>

The following table presents the contractual maturities of the Company's short-term and long-term marketable securities as of December 31, 2024 and 2023.

	December 31, 2024	December 31, 2023
Due within one year	\$ 402,840	\$ 315,803
Due after one year through two years	54,751	19,283
Total	<u>\$ 457,591</u>	<u>\$ 335,086</u>

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements (Amounts in thousands, except share and per share data)

5. Accrued expenses and other current liabilities

The following is a summary of accrued expenses and other current liabilities as of December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Accrued external research and development expenses	\$ 28,925	\$ 10,041
Accrued employee compensation and benefits	1,171	1,296
Accrued legal and professional fees	—	231
Short-term lease liability and other	631	522
	<u>\$ 30,727</u>	<u>\$ 12,090</u>

6. Loan Payable and Warrant Liability

On June 15, 2022, the Company entered into the Loan Agreement with Hercules, which was subsequently amended on June 7, 2023 and February 28, 2024, for an aggregate principal amount of \$150,000 (“Term Loan”). Pursuant to the amended Loan Agreement, the Term Loan is available to the Company in five tranches, subject to certain terms and conditions.

Under the terms of the Loan Agreement, the Company received \$10,000 upon closing, \$15,000 was borrowed in March 2023 and an additional \$10,000 was borrowed in connection with the second amendment on February 28, 2024 (the “Tranche I and Tranche II Commitments”). At the sole discretion of the Company, \$30,000 is available to be drawn from June 15, 2024 through June 15, 2025 (“Tranche III Commitment”). Also at the sole discretion of the Company, an additional \$35,000 is available to be drawn at the earlier of the full draw of Tranche III or June 15, 2025 through June 15, 2026 (“Tranche IV Commitment”). An additional \$50,000 may become available to the Company prior to January 1, 2026, subject to Hercules' approval (“Tranche V Commitment”).

The Term Loan will mature on March 1, 2027 (the “Maturity Date”). The Term Loan bears interest at a variable annual rate equal to the greater of (a) 7.65% and (b) the Prime Rate (as reported in the Wall Street Journal) plus 3.65% (the “Interest Rate”). The Company makes payments of interest only until January 1, 2026 (the “interest-only period”). After the interest-only period, the principal balance and related interest are required to be repaid in equal monthly installments and continuing until the Maturity Date.

The Loan Agreement contains customary closing fees, events of default, and representations, warranties and covenants, including a financial covenant requiring the Company to maintain a minimum cash balance in the future in relation to the outstanding principal balance of the Term Loan. The Loan Agreement is secured by most of the Company's assets, including its bank and investment accounts. The Loan Agreement provides for a prepayment charge equal to 1% of the outstanding principal balance of the Term Loan. In addition, the Loan Agreement provides for an End of Term Charge equal to the greater of 5.85% of the outstanding principal balance, or \$2,048, which is recognized as a debt discount and is being accreted into the amortization of debt issuance costs and discount using the effective interest rate method over the term of the loan payable.

The Company was in compliance with all covenants of the Loan Agreement as of December 31, 2024.

The Loan Agreement requires the Company to issue warrants to Hercules to purchase shares of the Company's common stock, par value \$0.0001 per share (“common stock”). The amount of shares that may be purchased for the warrants will not exceed 1.5% multiplied by the greater of Tranche I and the aggregate original amount of the term loan advances, divided by the exercise price of the warrants. Upon closing, the Company issued to Hercules warrants to purchase 36,718 shares of Company's common stock and recognized them at their relative fair value of \$227 as of the date of issuance in the shareholders equity category of the balance sheet.

In accordance with ASC 815-40, additional warrants to purchase shares of the Company's common stock that the Company is contingently required to issue are recognized at their relative fair value in the noncurrent liabilities category

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements (Amounts in thousands, except share and per share data)

of the balance sheet, given the variable settlement amount of the warrant shares. The fair value of the equity and liability classified warrants are collectively recognized as a debt discount and are being accreted into the amortization of debt issuance costs and discount using the effective interest rate method over the term of the loan. The Company reassesses the fair value of the warrant liability at the end of each reporting period.

On March 10, 2023, the Company issued warrants to purchase 9,180 shares of the Company's common stock in connection with the \$15,000 borrowed from Hercules on that date, and the fair value associated with these warrants of \$330 was reclassified from warrant liability to additional paid in capital. On February 28, 2024, the Company issued warrants to purchase 18,359 shares of the Company's common stock in connection with the \$10,000 borrowed from Hercules on that date, and the fair value associated with these warrants of \$431 was reclassified from warrant liability to additional paid in capital.

As of December 31, 2024, the Company is contingently liable to issue warrants to purchase up to an additional 211,137 shares of common stock under the Loan Agreement, in connection with future borrowings as they may occur.

Future principal debt payments on the currently outstanding loan payable as of December 31, 2024 and 2023 are as follows (in thousands):

	December 31, 2024	December 31, 2023
2024	\$ —	\$ —
2025	—	7,343
2026	27,777	16,118
2027	7,223	1,539
Total principal outstanding	35,000	25,000
End of term charge	2,048	1,463
Total principal outstanding and end of term charge	37,048	26,463
Unamortized discount and issuance costs	(1,751)	(1,499)
Loan Payable	<u>\$ 35,297</u>	<u>\$ 24,964</u>
Loan Payable - current	\$ —	\$ —
Loan Payable - noncurrent	<u>35,297</u>	<u>24,964</u>
Loan Payable	<u>\$ 35,297</u>	<u>\$ 24,964</u>

The Company estimated the fair value of the warrant liability as of December 31, 2024 and 2023 using probability assumptions of achieving the future milestones and using the Black-Scholes model based on the following key assumptions:

	Year Ended December 31,	
	2024	2023
Expected term (in years)	4.5	5.5
Expected volatility	85.16 %	83.22 %
Risk-free interest rate	4.38 %	3.84 %
Expected dividend yield	0.00 %	0.00 %

7. Stockholder's equity (deficit)

Common stock

As of December 31, 2024 and 2023, the Company's certificate of incorporation, as amended and restated, authorized the Company to issue 150,000,000 shares of \$0.0001 par value common stock. Each share of common stock

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements (Amounts in thousands, except share and per share data)

entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. The holders of common stock, voting exclusively and as a separate class, have the exclusive right to vote for the election of directors of the Company. Common stockholders are entitled to receive dividends, as may be declared by the board of directors. Through December 31, 2024, no cash dividends had been declared or paid.

On June 24, 2019, the Company completed its IPO at which time the Company issued 6,612,500 shares of common stock, including the exercise in full by the underwriters of their option to purchase up to 862,500 additional shares of common stock, at a public offering price of \$16.00 per share. The Company received \$98,394, net of underwriting discounts and commissions, but before deducting offering costs paid by the Company, which were \$2,942. Upon the closing of the IPO, all outstanding shares of convertible preferred stock converted into 21,056,136 shares of common stock.

On July 10, 2020, the Company completed a follow-on public offering at which time the Company issued 6,012,390 shares of common stock, including the exercise in full by the underwriters of their option to purchase up to 784,224 additional shares of common stock, at a public offering price of \$36.00 per share. The Company received \$203,460 net of underwriting discounts and commissions, but before deducting offering costs paid by the Company.

On June 15, 2022, the Company entered into a securities purchase agreement for the sale of 2,525,252 shares of the Company's common stock to Pfizer Inc. at \$9.90 per share in a registered direct offering conducted without an underwriter or placement agent and pursuant to the Company's effective shelf registration statement on Form S-3ASR and a related prospectus supplement filed with the U.S. Securities and Exchange Commission ("SEC"). The offering closed on June 17, 2022 for net proceeds of \$24,647, after deducting offering costs paid by the Company.

On September 19, 2022, the Company completed a follow-on public offering at which time the Company issued 8,846,154 shares of common stock, including the exercise in full by the underwriters of their option to purchase up to 1,153,846 additional shares of common stock, at a public offering price of \$26.00 per share. The Company received \$216,200 net of underwriting discounts and commissions of \$13,800, but before deducting offering costs incurred by the Company.

In March 2023, the Company entered into a sales agreement with Jefferies LLC (the "Sales Agreement") activating an At-The-Market ("ATM") facility. Pursuant to the Sales Agreement, the Company filed a prospectus supplement on March 17, 2023, under which the Company may offer and sell shares of common stock, having an aggregate value of up to \$200,000. In April and May 2023, the Company sold 3,006,052 shares of common stock under the Sales Agreement, at an average price of \$42.38 per share, and received net proceeds of \$123,824, after deducting sales agent commissions and issuance costs of approximately \$3,578. In February 2024, the Company sold an additional 500,000 shares of common stock under the Sales Agreement, at an average price of \$21.75 per share, and received net proceeds of \$10,604, after deducting sales agent commissions and issuance costs of approximately \$271.

On May 16, 2023, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Jefferies LLC, ("Jefferies"), as a representative of the several underwriters, pursuant to which the Company agreed to issue and sell 5,238,500 shares of the Company's common stock at \$42.00 per share in a registered direct offering pursuant to the Company's effective shelf registration statement on Form S-3ASR and a related prospectus supplement filed with the SEC. The offering closed on May 16, 2023. The Company received net proceeds of \$210,956, after deducting underwriters commissions and offering costs incurred by the Company of approximately \$9,061.

On March 8, 2024, the Company completed a follow-on public offering at which time the Company issued 12,650,000 shares of common stock, including the exercise in full by the underwriters of their option to purchase up to 1,650,000 additional shares of common stock, at a public offering price of \$29.00 per share. The Company received \$344,838 net of underwriting discounts and commissions of \$22,011, but before deducting offering costs incurred by the Company of approximately \$401.

On May 10, 2024, the Company entered into an amendment to the Sales Agreement ("Amended Sales Agreement") to increase the aggregate offering price of the shares of the Company's common stock by an additional

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements (Amounts in thousands, except share and per share data)

\$200,000. In accordance with the terms of the Amended Sales Agreement, the Company may now offer and sell shares of its common stock having an aggregate offering price of up to \$261,723 from time to time.

In November and December 2024, the Company sold 2,249,907 shares of common stock under the Amended Sales Agreement, at an average price of \$30.83 per share, and received gross proceeds of \$69,373 before deducting sales agent commissions and issuance costs of approximately \$1,734. The Company sold an additional 380,488 shares for gross proceeds of \$10,627 in January 2025 (see Note 14).

As of December 31, 2024 and 2023, there were 72,383,013 and 55,754,445 shares of common stock issued and outstanding, respectively.

The following shares of common stock were reserved for issuance as follows:

	December 31, 2024	December 31, 2023
Options outstanding under the 2018 Stock Option and Grant Plan	577,089	1,114,189
Options outstanding under the 2019 Stock Option and Incentive Plan	6,983,360	5,785,788
Unvested restricted stock units outstanding under the 2019 Stock Option and Incentive Plan	715,306	371,952
Warrants to purchase common stock associated with Loan Agreement	64,257	45,898
Options available for future grant	1,938,688	1,917,356
Warrants available for future grant	211,137	137,700
Common stock available for ATM program	9,473,074	2,708,234
2019 Employee Stock Purchase Plan	1,973,662	1,586,224
	<u>21,936,573</u>	<u>13,667,341</u>

Undesignated preferred stock

The Company's fourth amended and restated certificate of incorporation authorizes the Company to issue up to 10,000,000 shares of undesignated preferred stock, par value \$0.0001 per share. There were no undesignated preferred shares issued or outstanding as of December 31, 2024.

Warrants Associated with Loan Agreement

In connection with the Loan Agreement with Hercules (see Note 6), the Company is obligated to issue warrants to purchase shares of the Company's common stock. The amount of shares that may be purchased for the warrants will not exceed 1.5% multiplied by the greater of Tranche I and the aggregate original amount of the term loan advances, divided by the exercise price of the warrants. Upon execution of the Loan Agreement on June 15, 2022, the Company issued warrants to purchase 36,718 shares of the Company's common stock, which have been recorded at their relative fair value at the time of issuance within shareholder's equity. The Company issued warrants to purchase an additional 9,180 shares of the Company's common stock to Hercules in connection with the additional \$15,000 borrowing on March 10, 2023 and warrants to purchase 18,359 shares of the Company's common stock to Hercules in connection with the additional \$10,000 borrowing on February 28, 2024.

8. Stock-based awards

2018 Stock option and grant plan

The Company's 2018 Stock Option and Grant Plan (the "2018 Plan") provided for the Company to grant incentive stock options or nonqualified stock options, restricted stock awards and other stock-based awards to employees, directors and consultants of the Company. The 2018 Plan was administered by the board of directors or, at the discretion of the board of directors, by a committee of the board of directors. The exercise prices, vesting and other restrictions were determined at the discretion of the board of directors, or its committee if so delegated.

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements **(Amounts in thousands, except share and per share data)**

The total number of shares of common stock that could have been issued under the 2018 Plan was 3,071,960 shares, of which 107,635 shares remained available for grant on June 18, 2019, the date that the Company's 2019 Stock Option and Incentive Plan (the "2019 Plan") became effective. Upon the effectiveness of the 2019 Plan, the 107,635 remaining shares available under the 2018 Plan were transferred and became available for issuance under the 2019 Plan. Shares of common stock underlying outstanding awards under the 2018 Plan that are forfeited, cancelled, held back upon exercise or settlement of an award to satisfy the exercise price or tax withholding, reacquired by the Company prior to vesting, satisfied without the issuance of stock, expire or are otherwise terminated (other than by exercise) will be added to the shares of common stock available for issuance under the 2019 Plan.

2019 Stock option and incentive plan

The 2019 Plan was adopted and approved by the Company's board of directors in May 2019 and by the Company's stockholders in June 2019. The 2019 Plan became effective on June 18, 2019 and replaced the Company's 2018 Plan on that date. The 2019 Plan allows the board of directors or the compensation committee of the board of directors to make equity-based incentive awards to the Company's officers, employees, directors or other key persons (including consultants). The number of shares initially reserved for issuance under the 2019 Plan was 2,572,457, which included the 107,635 shares transferred from the 2018 Plan, and shall be cumulatively increased on each January 1 by 4% of the number of shares of the Company's common stock outstanding on the immediately preceding December 31 or such lesser number of shares determined by the Company's board of directors or compensation committee of the board of directors. The 2019 Plan was increased by 1,874,608 shares on January 1, 2023 and by 2,230,177 shares on January 1, 2024.

The 2019 Plan is administered by the board of directors or, at the discretion of the board of directors, by a committee of the board of directors. The exercise prices, vesting and other restrictions are determined at the discretion of the board of directors, or its committee if so delegated, except that the exercise price per share of stock options may not be less than 100% of the fair market value of the share of common stock on the date of grant and the term of stock option may not be greater than ten years. All incentive options granted to any person possessing more than 10% of the total combined voting power of all classes of shares may not have an exercise price of less than 110% of the fair market value of the common stock on the grant date. Stock options granted to employees, officers, members of the board of directors and consultants will typically vest over a four-year period.

Shares that are expired, terminated, surrendered or canceled under the 2019 Plan without having been fully exercised will be available for future awards.

2019 Employee stock purchase plan

The 2019 Employee Stock Purchase Plan (the "2019 ESPP") was adopted and approved by the Company's board of directors in May 2019 and by the Company's stockholders in June 2019. The 2019 ESPP became effective on June 18, 2019, at which time 273,869 shares were reserved for issuance. The 2019 ESPP provides that the number of shares reserved and available for issuance will automatically increase each January 1, beginning on January 1, 2020 and each January 1 through January 1, 2029, by the least of (i) 1% of the outstanding number of shares of the Company's common stock on the immediately preceding December 31, (ii) 410,803 shares or (iii) such number of shares as determined by the compensation committee. The 2019 ESPP was increased by 410,803 shares on January 1, 2023 and by 410,803 shares on January 1, 2024.

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements
(Amounts in thousands, except share and per share data)

Stock option valuation

The assumptions that the Company used to determine the grant-date fair value of stock options granted to employees, directors and consultants as follows, presented on a weighted average basis:

	Year Ended December 31,		
	2024	2023	2022
Expected term (in years)	5.96	5.95	5.30
Expected volatility	86.92 %	81.89 %	74.59 %
Weighted average risk-free interest rate	4.29 %	4.19 %	2.71 %
Expected dividend yield	0.00 %	0.00 %	0.00 %

Stock options

The following table summarizes the Company's stock option activity since December 31, 2023:

	Number of Options	Weighted- Average Exercise Price per Share	Weighted- Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (000's)
Balance outstanding, December 31, 2023	6,899,977	\$ 22.35	7.67	\$ 35,133
Options granted	1,804,175	\$ 25.45		
Options exercised	(1,072,005)	\$ 12.26		
Options cancelled	(71,698)	\$ 36.65		
Balance outstanding, December 31, 2024	<u>7,560,449</u>	\$ 24.38	7.53	<u>\$ 46,487</u>
Vested and expected to vest, December 31, 2024	<u>7,560,449</u>	\$ 24.38	7.53	<u>\$ 46,487</u>
Exercisable, December 31, 2024	<u>4,258,111</u>	\$ 22.95	6.40	<u>\$ 31,886</u>

The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those stock options that had exercise prices lower than the fair value of the Company's common stock.

The weighted average grant-date fair value per share of stock options granted during the years ended December 31, 2024, 2023 and 2022 was \$18.99, \$28.29 and \$28.76, respectively.

Awards with performance-based vesting conditions granted under the 2019 Plan

In December 2021, the Company granted 610,546 stock options to management at an exercise price of \$21.10, which vest upon the achievement on or before December 31, 2022 of three pre-determined milestones regarding progress related to the HARMONY study, progress related to the SYMMETRY study, and progress related to availability of drug product for use in Phase 3 clinical trials. One-third of the options vest upon achievement of each of the milestones. In January 2022, the Company granted an additional 248,376 stock options to Company employees with the same performance-based milestones and vesting terms at an exercise price of \$21.70. In September 2022, two of the three performance-based awards milestones were achieved and were deemed vested. In December 2022, the third portion of the performance-based awards milestones was achieved and was deemed vested. During the year ended December 31, 2022, the Company recognized \$10,487 of related stock compensation expense, based upon management's estimates of the probabilities of the milestones being achieved and the fully vesting of the performance awards. During the year ended December 31, 2024 and 2023, the Company did not have any outstanding performance awards or recognize any performance-based stock compensation expense.

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements (Amounts in thousands, except share and per share data)

Restricted Stock Units

The 2019 Plan allows for the grants of Restricted Stock Units (“RSUs”). Generally, the RSUs are subject to a four-year vesting period, vesting in equal quarterly or semi-annual installments over the vesting period.

The following table summarizes the Company’s RSUs activity since December 31, 2023:

	Underlying Shares	Weighted- Average Grant Date Fair Value per Share	Weighted- Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (000's)
Balance outstanding, December 31, 2023	371,952	\$ 28.53	1.98	\$ 8,685
Granted	494,388	\$ 26.18		
Vested	(133,291)	\$ 28.49		
Cancelled or forfeited	(17,743)	\$ 23.48		
Balance outstanding, December 31, 2024	<u>715,306</u>	<u>\$ 27.04</u>	<u>1.74</u>	<u>\$ 19,900</u>

The aggregate intrinsic value of RSUs is calculated based of the fair value of the Company’s common stock and the outstanding RSUs.

The weighted average grant-date fair value per share of RSUs granted during the years ended December 31, 2024, 2023 and 2022 was \$26.18, \$24.03 and \$42.95, respectively.

Stock-based compensation

The following table summarizes the Company’s stock-based compensation expense during the years ended December 31, 2024, 2023 and 2022:

	Year Ended December 31,		
	2024	2023	2022
Classified within research and development expense	\$ 11,294	\$ 7,579	\$ 8,096
Classified within general and administrative expense	18,404	13,918	15,147
Total stock-based compensation expense	<u>\$ 29,698</u>	<u>\$ 21,497</u>	<u>\$ 23,243</u>

As of December 31, 2024, total unrecognized compensation cost related to unvested stock options and RSUs was \$58,680 and \$18,290, respectively. These unvested stock options and RSUs are expected to be recognized over a weighted average period of 2.71 years and 3.18 years, respectively.

9. Amgen license agreement

In June 2018, the Company entered into a license agreement (the “Amgen Agreement”) with Amgen, Inc. (“Amgen”) pursuant to which the Company was granted an exclusive license to certain patents and intellectual property related to a long-acting FGF21 analog in order to commercially develop, manufacture, use and distribute FGF21 as a treatment for MASH and other serious metabolic diseases. The Amgen Agreement provides the Company with exclusive global rights to the licensed products and the right to grant sublicenses that cover EFX to third parties.

In exchange for these rights, the Company made an upfront payment of \$5,000 and issued 2,653,333 shares of Series A Preferred Stock with a fair value of \$1,353 to Amgen. Amgen was also entitled to maintain a 10% ownership interest of the outstanding shares of the Company’s common stock, on a fully diluted and converted basis, through the second closing of the Company’s Series A Preferred Stock financing. In November 2018, in connection with the second

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements (Amounts in thousands, except share and per share data)

closing of the Company's Series A Preferred Stock financing, the Company issued 3,205,128 shares of Series A Preferred Stock to Amgen for a total value of \$7,404, satisfying its anti-dilution obligation under the Amgen Agreement.

Under the Amgen Agreement, the Company made a milestone payment in the third quarter of 2019 of \$2,500 in connection with dosing the first patient in the BALANCED study, a second milestone payment of \$7,500 was paid in December 2023 with dosing the first patient in our Phase 3 SYNCHRONY program, and is obligated to pay Amgen up to \$30,000 in connection with marketing approvals, and aggregate milestone payments of up to \$75,000 upon the achievement of specified commercial milestones for all products licensed under the Amgen Agreement.

Under the Amgen Agreement, the Company is obligated to pay Amgen tiered royalties ranging from a low to high single-digit percentages on annual net sales of the licensed products, beginning on the first commercial sale of such licensed products in each country and expiring on a country-by-country basis on the latest of (i) the expiration of the last valid patent claim covering such licensed products in such country, (ii) the loss of regulatory exclusivity in such country, and (iii) ten years after the first commercial sale of such licensed product in such country. The royalty payments are subject to reduction under specified conditions set forth in the Amgen Agreement.

The Company is solely responsible for all development, manufacturing, and commercial activities and costs of the licensed products, including clinical studies or other tests necessary to support the use of a licensed product. The Company is also responsible for costs related to the filing, prosecution and maintenance of the licensed patent rights.

The Amgen Agreement will remain in effect until the expiration of the royalty term in all countries for all licensed products. The Amgen Agreement may be terminated by either party with at least 90 days' notice in the event of material breach by the other party that remains uncured for 90 days, by either party for insolvency or bankruptcy of the other party and immediately by Amgen if the Company challenges the licensed patents. The Company may also terminate the Amgen Agreement with 90 days' written notice for discretionary reasons such as scientific, technical, regulatory or commercial issues, as defined in the Amgen Agreement.

During the year ended December 31, 2023, the Company recorded \$7,500 in research and development expense under the Amgen license in connection with dosing the first patient in the Phase 3 SYNCHRONY program. There was no expense recorded during the years ended December 31, 2024 and 2022.

10. Income taxes

During the years ended December 31, 2024, 2023 and 2022, the Company did not record any income tax benefits for the net operating losses incurred or for the research and development tax credits generated in each period due to its uncertainty of realizing a benefit from those items. All of the Company's operating losses since inception have been generated in the United States.

A summary of the Company's current and deferred tax provision is as follows:

	Year Ended December 31,		
	2024	2023	2022
Current income tax provision:			
Federal	\$ —	\$ —	\$ —
State	—	—	—
Total current income tax provision	—	—	—
Deferred income tax benefit:			
Federal	61,090	40,292	27,269
State	3,600	28,079	14,568
Total deferred income tax benefit	64,690	68,371	41,837
Change in deferred tax asset valuation allowance	(64,690)	(68,371)	(41,837)
Total provision for income taxes	\$ —	\$ —	\$ —

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements
(Amounts in thousands, except share and per share data)

A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate is as follows:

	Year Ended December 31,		
	2024	2023	2022
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	1.5	18.5	13.0
Research and development tax credits	3.8	2.4	2.4
Other permanent differences	-	2.6	0.8
Change in deferred tax asset valuation allowance	(26.2)	(44.5)	(37.2)
Effect of Section 382 limitation	-	-	-
Effective income tax rate	- %	- %	- %

Net deferred tax assets as of December 31, 2024 and 2023 consisted of the following:

	December 31,	
	2024	2023
Deferred tax assets:		
Net operating loss carry forwards	\$ 115,713	\$ 88,219
Research and development tax credit carry forwards	23,275	12,846
License fees	4,842	5,545
Stock based compensation	17,012	14,286
Capitalized research and experimentation costs	87,687	58,610
Accruals, reserves and other	416	242
	248,945	179,748
Valuation allowance	(241,751)	(177,061)
Net deferred tax assets	\$ 7,194	2,687
Deferred tax liabilities:		
Prepaid expenses	(7,194)	(2,687)
Net deferred tax liabilities	\$ (7,194)	(2,687)

As of December 31, 2024, the Company had U.S. federal and state net operating loss carryforwards of \$332,960 and \$660,787, respectively, which may be available to offset future taxable income and begin to expire in 2037. The federal net operating loss carryforwards include \$330,517, which may be carried forward indefinitely. As of December 31, 2024, the Company also had U.S. federal and state research and development tax credit carryforwards of \$26,442 and \$3,448, respectively, which may be available to offset future tax liabilities and begin to expire in 2033. During the year ended December 31, 2024, gross deferred tax assets, before valuation allowance, increased by \$64,690, due to the operating loss incurred by the Company during that period.

Utilization of the U.S. federal and state net operating loss carryforwards and research and development tax credit carryforwards may be subject to a substantial annual limitation under Sections 382 and 383 of the Internal Revenue Code of 1986, and corresponding provisions of state law, due to ownership changes that have occurred previously or that could occur in the future. These ownership changes may limit the amount of carryforwards that can be utilized annually to offset future taxable income or tax liabilities. In general, an ownership change, as defined by Section 382, results from transactions increasing the ownership of certain stockholders or public groups in the stock of a corporation by more than 50% over a three-year period. The annual limitation is determined by multiplying the value of the Company's stock at the time of such ownership change by the applicable long-term tax-exempt rate. Such limitations may result in expiration of a portion of the NOL carryforwards before utilization. As of December 31, 2024, the Company determined that ownership changes occurred on March 24, 2017, June 7, 2018, July 8, 2020 and May 31, 2024. As a result of the ownership changes,

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements (Amounts in thousands, except share and per share data)

approximately \$2,118, \$3,110, and \$3,598 of the NOLs will expire unutilized for federal, California and Massachusetts purposes, respectively. The ability of the Company to use its remaining NOL carryforwards may be further limited if the Company experiences a Code Section 382 ownership change as a result of future changes in its stock ownership.

The Company's research and development credits are subject to Code Section 383 and are limited due to the ownership changes that the Company has experienced. As of December 31, 2024, the Company has derecognized approximately \$1,915 and \$43 of gross federal and state research and development credits, respectively. The Company has not derecognized any of the California research and development credit-related deferred tax assets because the credits do not expire.

The Company has evaluated the positive and negative evidence bearing upon its ability to realize its deferred tax assets at each reporting period. In doing so, the Company has considered its history of cumulative net losses incurred and its lack of commercialization of any products or generation of any revenue from product sales and has concluded that it is more likely than not that the Company will not realize the benefits of the deferred tax assets. Accordingly, a full valuation allowance has been recorded against the net deferred tax assets as of December 31, 2024 and 2023. Management reevaluates the positive and negative evidence at each reporting period.

Changes in the valuation allowance for deferred tax assets during the years ended December 31, 2024 and 2023 related primarily to the increase in net operating loss carryforwards and research and development tax credit carryforwards and were as follows:

	2024	2023
Valuation allowance as of January 1,	\$ (177,061)	\$ (108,690)
Decreases recorded as a benefit to income tax provision	(64,690)	(68,371)
Valuation allowance as of December 31,	<u>\$ (241,751)</u>	<u>\$ (177,061)</u>

As of December 31, 2024, the Company had gross unrecognized tax benefits of \$5,891, none of which if recognized, would reduce the effective tax rate in a future period, due to the Company's full valuation allowance on U.S. net deferred tax assets. The Company's policy is to record interest and penalties related to income taxes as part of its income tax provision. As of December 31, 2024, the Company had not accrued interest or penalties related to uncertain tax positions and no amounts had been recognized in the Company's consolidated statements of operations and comprehensive loss. For the year ended December 31, 2024, the Company will file income tax returns in the U.S., California, Colorado, Connecticut, Colorado, Florida, Illinois, Kentucky, Kansas, Maryland, Massachusetts, Missouri, New York, New Jersey, North Carolina, Pennsylvania, Texas, Utah, and Virginia, as prescribed by the tax laws of the jurisdictions in which it operates. The Company is subject to examination by federal and state jurisdictions, where applicable. There are currently no pending tax examinations. The Company is open to future tax examination under statute from 2019 to the present.

A reconciliation of the beginning and ending unrecognized tax benefits for the years ended December 31, 2024, 2023 and 2022 is as follows:

Balance at December 31, 2021	\$	1,313
Increases related to prior year tax positions		51
Increases related to current year tax positions		<u>746</u>
Balance at December 31, 2022		2,110
Increases related to prior year tax positions		223
Increases related to current year tax positions		<u>1,061</u>
Balance at December 31, 2023		3,394
Decreases related to prior year tax positions		(51)
Increases related to current year tax positions		<u>2,548</u>
Balance at December 31, 2024	\$	<u><u>5,891</u></u>

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements (Amounts in thousands, except share and per share data)

Beginning in 2022, the Tax Cuts and Jobs Act of 2017 eliminates the option to deduct research and development expenditures in the period incurred and requires amortization over five years or fifteen years pursuant to IRC Section 174. The Company is projected to remain in a taxable loss position even after the capitalization of R&D expenditures, and thus the new requirement is not expected to have a material impact on the Company's financial position, results of operations or cash flows in 2024.

In general, for taxable years beginning on or after January 1, 2015, California law conforms to the IRC as of January 1, 2015. California has not conformed to the federal changes made to the IRC by the Tax Cuts and Jobs Act (Public Law 115-97, enacted on December 22, 2017). In the context of IRC 174, California allows taxpayers to immediately expense R&D costs or capitalize and amortize R&D expenditures over a 5-year recovery period. Thus, the new requirements to capitalize R&D will have no material impact on the state income tax provision.

On September 8, 2023, the IRS released an advance version of Notice 2023-63 ("Notice") which provides interim guidance to clarify the capitalization and amortization of specified research and experimental ("SRE") expenditures under IRC Section 174, as amended by TCJA in 2017. The Notice addresses issues related to short tax years and the definition of the midpoint of the taxable year, the types of costs that constitute SRE expenditures including allocation methods, software development, research performed under contract, dispositions of property, and the treatment of SRE expenditures for long-term contract rules under section 460. The Notice also announces that the Treasury Department and the IRS intend to issue proposed regulations providing rules consistent with the guidance in the Notice applicable for tax years ending after September 8, 2023, and until then taxpayers may rely on the interim guidance in the notice, provided the taxpayer applies all of the rules in a consistent manner. The Company does not anticipate the guidance in the Notice to have material impact on the tax provision and will continue to monitor the development of the proposed regulations.

Accordingly, the Company is estimating 2024, 2023 and 2022 capitalization of U.S R&D expenditures net of 2024 and 2023 amortization of approximately \$162,647, \$65,437 and \$57,658 (an addback to estimated 2023 and 2022 US taxable income), respectively. Additionally, the requirement to capitalize and amortize foreign R&D expenses over 15 years resulted in 2024, 2023 and 2022 capitalization of R&D expenditures (net of amortization) of \$76,595, \$65,899 and \$14,728, respectively.

On August 16, 2022, the IRA was signed into law. The IRA includes implementation of a new alternative minimum tax, an excise tax on stock buybacks, and significant tax incentives for energy and climate initiatives, among other provisions. The Company is evaluating the provisions included under the IRA and does not expect the provisions to have a material impact to the Company's consolidated financial statements.

All tax returns will remain open for examination by the federal and state taxing authorities for three and four years, respectively, from the date of utilization of any net operating loss carryforwards or research and development credits.

11. Net loss per share

Basic and diluted net loss per share attributable to common stockholders was calculated as follows:

	Year Ended December 31,		
	2024	2023	2022
Numerator:			
Net loss	\$ (252,060)	\$ (151,759)	\$ (112,033)
Denominator:			
Weighted average common shares outstanding, basic and diluted	67,136,772	52,568,159	38,984,772
Net loss per share, basic and diluted	\$ (3.75)	\$ (2.89)	\$ (2.87)

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements
(Amounts in thousands, except share and per share data)

The Company's potentially dilutive securities, which include stock options, warrants and unvested restricted stock units, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted average number of common shares outstanding used to calculate both basic and diluted net loss per share is the same. The Company excluded the following potential common shares, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share for the periods indicated because including them would have had an anti-dilutive effect:

	Year Ended December 31,		
	2024	2023	2022
Options to purchase common stock	7,560,449	6,899,977	5,780,004
Unvested restricted stock units	715,306	371,952	129,131
Warrants to purchase common stock	64,257	45,898	36,718
Warrants available for future grant	211,137	137,700	146,880
	<u>8,551,149</u>	<u>7,455,527</u>	<u>6,092,733</u>

12. Commitments and contingencies

Operating lease

In February 2020, the Company entered into a seven-year agreement to occupy 6,647 square feet of office space in South San Francisco, California. The lease commenced on July 10, 2020 when the Company took occupancy of the leased space and the lease was determined to be operating classified. Under the agreement, the Company is required to make approximately \$2,300 in total minimum payments during the term. The Company is also required to pay its proportionate share of building operating and tax costs after the first year under lease which are not included in the measurement of the lease and treated as variable lease cost and expensed when incurred.

As of December 31, 2024, maturities of the Company's operating lease liability was as follows:

2025	\$	341
2026		351
2027		<u>208</u>
Total future minimum lease payments		900
Less imputed interest		<u>(80)</u>
Present value of operating lease liabilities	\$	<u>820</u>

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements (Amounts in thousands, except share and per share data)

As of December 31, 2024, the total lease liability was \$820, of which \$529 was noncurrent and \$291 was short-term and classified within “Accrued expenses and other current liabilities” on the consolidated balance sheet.

For the years ended December 31, 2024, 2023 and 2022, the components of operating lease cost were as follows:

		Year Ended December 31,		
		2024	2023	2022
Lease cost:	Statement of Operations Classification:			
Operating lease cost	General and administrative expense	\$ 324	\$ 324	\$ 324
Short-term lease cost	General and administrative expense	163	161	58
Variable operating lease cost	General and administrative expense	55	37	58
Total operating lease cost		<u>\$ 542</u>	<u>\$ 522</u>	<u>\$ 440</u>
Other information:				
Cash paid for amounts included in the measurement of operating lease liability		\$ 331	\$ 321	\$ 312
Weighted average remaining lease term (years)		2.6	3.6	4.6
Weighted average discount rate		7.6%	7.6%	7.6%

Research and manufacturing and other commitments

The Company has entered into agreements with contract research organizations and contract manufacturing organizations to provide services in connection with its nonclinical studies and clinical trials and to manufacture clinical development materials. As of December 31, 2024, the Company had non-cancelable purchase and other commitments under these agreements totaling \$24,746.

Indemnification agreements

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors and its executive officers 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 or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. To date, the Company has not incurred any material costs as a result of such indemnifications. The Company is not currently aware of any indemnification claims and has not accrued any liabilities related to such obligations in its consolidated financial statements as of December 31, 2024.

Legal proceedings

The Company does not have contingency reserves established for any litigation liabilities. At each reporting date, the Company evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. The Company expenses costs related to such legal proceedings as they are incurred.

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements (Amounts in thousands, except share and per share data)

On April 26, 2024, a purported stockholder of the Company filed a lawsuit, captioned Klobus v. Akero Therapeutics, Inc., No. 3:24-cv-02534 (N.D. Cal.), in the U.S. District Court for the Northern District of California against the Company and three of its officers. The suit purports to be filed on behalf of a class of stockholders who purchased or otherwise acquired Company common stock between September 13, 2022, and October 9, 2023. The suit asserts claims under the Exchange Act for alleged misstatements and omissions regarding the Company's Phase 2b SYMMETRY study. The complaint seeks damages in an unspecified amount. The court appointed lead plaintiffs and lead counsel on August 2, 2024. Lead Plaintiffs filed an amended complaint on September 24, 2024. On November 18, 2024, Defendants filed a motion to dismiss, Lead Plaintiffs filed an Opposition on January 13, 2025, and Defendants filed a Reply on February 21, 2025. A hearing on Defendants' motion to dismiss is currently scheduled for March 11, 2025. Due to the early stage of this matter, it is not possible to determine the probability or amount of potential related costs. The Company intends to vigorously defend against the lawsuit.

13. Segment Reporting

Operating segments are defined as components of an enterprise for which separate financial information is available and provided to the chief operating decision maker ("CODM"). The Company has one operating and reporting segment, the development of EFX for the treatment of MASH. The Company's CODM is its Chief Executive Officer. The measure of segment profit and loss is reported on the Consolidated Statements of Operations and Comprehensive Loss as net loss. The measure of segment assets is reported on the Consolidated Balance Sheets as total assets.

The Company has not generated any product revenue to date. The Company expects to continue to incur significant expenses and operating losses for the foreseeable future as it advances EFX through clinical development and, ultimately, seek regulatory approval.

The following table provides information related to the EFX operating segment based upon the Company's net loss for the three years ended December 31, 2024, 2023 and 2022:

	Year ended December 31,		
	2024	2023	2022
Operating expenses:			
Direct third-party EFX expenses ⁽¹⁾	\$ 219,301	\$ 120,072	\$ 66,174
Indirect third-party EFX expenses ⁽²⁾	12,981	14,059	10,610
Personnel and related expenses	23,443	17,242	15,129
Stock-based compensation	29,698	21,497	23,243
Non-operating income and expense:			
Interest expense	4,668	3,099	739
Interest and other income, net	(38,031)	(24,210)	(3,862)
Net loss	\$ 252,060	\$ 151,759	\$ 112,033
Reconciliation of net loss			
Adjustments and reconciling items	—	—	—
Net loss	\$ 252,060	\$ 151,759	\$ 112,033

(1) Includes clinical research, contract manufacturing, technical consulting, product licensing and other expenses that are directly related to the development of EFX

(2) Includes professional services, insurance and other expenses, both R&D and G&A, that indirectly support the development of EFX.

14. Subsequent events

The Company evaluated subsequent events through the issuance date of these financial statements.

In January 2025, the Company sold 380,488 shares of common stock under its ATM facility for gross proceeds of \$10,627.

Akero Therapeutics, Inc.

Notes to Consolidated Financial Statements

(Amounts in thousands, except share and per share data)

On January 28, 2025, the Company sold 6,427,170 shares of the its common stock at a public offering price of \$48.00 per share, and in lieu of common stock to certain investors, pre-funded warrants to purchase 1,958,247 shares of common stock at a public offering price of \$47.9999 per pre-funded warrant, which represents the per share public offering price of each share of common stock less the \$0.0001 per share exercise price for each pre-funded warrant. The Company received net proceeds of \$378,350, after deducting underwriters commission.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation and supervision of our Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Exchange Act as of the end of December 31, 2024 on Form 10-K. Disclosure control and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information 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.

Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of the end of December 31, 2024, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management and our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our internal control over financial reporting as of December 31, 2024, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control—Integrated Framework (2013 Framework). Based on the results of our evaluation under that framework, we concluded that our internal control over financial reporting was effective as of December 31, 2024.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the Company's financial statements included in this report on this 2024 Form 10-K and issued its report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2024, which is included herein.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitation on the Effectiveness of Internal Control.

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurances. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Akero Therapeutics, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Akero Therapeutics, Inc. and subsidiaries (the “Company”) as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2024, of the Company and our report dated February 27, 2025, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Morristown, NJ

February 27, 2025

Item 9B. Other Information.

There were no new contracts, instructions or written plans for the sale or purchase of our securities adopted by our directors and certain officers during the quarter ended December 31, 2024, each of which is intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1(c), referred to as Rule 10b5-1 trading plans.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Except as set forth below, the information required by this item is incorporated by reference from our definitive Proxy Statement to be filed with the SEC in connection with our 2025 Annual Meeting of Stockholders within 120 days after the end of the fiscal year ended December 31, 2024.

We have adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees, including our principal executive officer and principal financial officer. The Code of Business Conduct and Ethics is posted on our website at <https://ir.akerotx.com/corporate-governance/documents-charters>.

We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of this Code of Business Conduct and Ethics by posting such information on our website, at the address and location specified above and, to the extent required by the listing standards of The NASDAQ Global Select Stock Market, by filing a Current Report on Form 8-K with the SEC, disclosing such information.

The Company's Board of Directors has adopted an Insider Trading Policy which governs the purchase, sale, and/or other dispositions of our securities by directors, officers, and employees and is designed to promote compliance with insider trading laws, rules and regulations, and listing standards applicable to the Company. A copy of the Company's Insider Trading Policy is filed with this Annual Report on Form 10-K as Exhibit 19.1.

Item 11. Executive Compensation.

The information called for by this item is incorporated by reference from our definitive Proxy Statement to be filed with the SEC in connection with our 2025 Annual Meeting of Stockholders within 120 days after the end of the fiscal year ended December 31, 2024.

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

The information called for by this item is incorporated by reference from our definitive Proxy Statement to be filed with the SEC in connection with our 2025 Annual Meeting of Stockholders within 120 days after the end of the fiscal year ended December 31, 2024.

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

The information called for by this item is incorporated by reference from our definitive Proxy Statement to be filed with the SEC in connection with our 2025 Annual Meeting of Stockholders within 120 days after the end of the fiscal year ended December 31, 2024.

Item 14. Principal Accounting Fees and Services

The information called for by this item is incorporated by reference from our definitive Proxy Statement to be filed with the SEC in connection with our 2025 Annual Meeting of Stockholders within 120 days after the end of the fiscal year ended December 31, 2024.

Part IV**Item 15. Exhibits, Financial Statement Schedules**

(a) The following documents are filed as part of this Annual Report on Form 10-K:

- 1) The consolidated financial statements filed as part of this Annual Report on Form 10-K are listed in the “Index to Consolidated Financial Statements” under Part II, Item 8 of this Annual Report on Form 10-K.
- 2) No schedules are submitted because they are not applicable, not required or because information is included in the consolidated financial statements or the notes thereto.
- 3) The exhibits required by Item 601 of Regulation S-K and Item 15(b) of this Annual Report on Form 10-K are listed in the Exhibit Index immediately preceding the signature page of this Annual Report on Form 10-K. The exhibits listed in the Exhibit Index are incorporated by reference herein.

Item 16. Form 10-K Summary

Not applicable.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
3.1	Fourth Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K (File No. 001-38944) filed on June 24, 2019)
3.2	Amended and Restated Bylaws of the Registrant and the amendments thereto, as currently in effect (incorporated by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K (File No. 001-38944) filed on March 12, 2021)
3.3	Certificate of Amendment of Fourth Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K (File No. 001-38944) filed on June 12, 2024)
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form S-1/A (File No. 333-231747) filed on June 10, 2019)
4.2*	Description of Securities
4.3	Form of Pre-Funded Warrant (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K (File No.001-398444) filed on January 30, 2025)
10.1#	2018 Stock Option and Grant Plan, as amended, and form of award agreements thereunder (incorporated by reference to Exhibit 10.1 of the Registrant's Registration Statement on Form S-1 (File No. 333-231747) filed on May 24, 2019)
10.2#	2019 Stock Option and Grant Plan, and form of award agreements thereunder. (incorporated by reference to Exhibit 10.2 of the Registrant's Registration Statement on Form S-1/A (File No. 333-231747) filed on June 10, 2019)
10.3#	2019 Employee Stock Purchase Plan. (incorporated by reference to Exhibit 10.3 of the Registrant's Registration Statement on Form S-1/A (File No. 333-231747) filed on June 10, 2019)
10.4#	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers (incorporated by reference to Exhibit 10.4 of the Registrant's Registration Statement on Form S-1 (File No. 333-231747) filed on May 24, 2019)
10.5#	2019 Senior Executive Cash Bonus Plan (incorporated by reference to Exhibit 10.5 of the Registrant's Registration Statement on Form S-1 (File No. 333-231747) filed on May 24, 2019)
10.6#	Form of Amended and Restated Employment Agreement for Executive Officers (incorporated by reference to Exhibit 10.8 of the Registrant's Registration Statement on Form S-1/A (File No. 333-231747) filed June 10, 2019)
10.7#	Amended and Restated Employment Agreement for Andrew Cheng (incorporated by reference to Exhibit 10.9 of the Registrant's Registration Statement on Form S-1/A (File No. 333-231747) filed June 10, 2019)
10.8#	Amended and Restated Employment Agreement for William White (incorporated by reference to Exhibit 10.10 of the Registrant's Registration Statement on Form S-1/A (File No. 333-231747) filed on June 10, 2019)

Exhibit Number	Exhibit Description
10.9**	Exclusive License Agreement, by and between the Registrant and Amgen Inc., dated June 7, 2018 (incorporated by reference to Exhibit 10.9 of the Registrant's Registration Statement on Form S-1 (File No. 333-231747) filed on May 24, 2019)
10.10#	Amended and Restated Non-Employee Director Compensation Policy (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q (File No. 001-38944) filed on August 9, 2024).
10.11	Office Lease between Gateway Center LP and the Registrant, dated as of February 14, 2020 (incorporated by reference to Exhibit 10.12 of the Registrant's Annual Report on Form 10-K (File No. 001-38944) filed on March 16, 2020)
10.12	Loan and Security Agreement dated as of June 15, 2022 by and between the Registrant and Hercules Capital, Inc. (Incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q (File No. 001-38944 filed on August 5, 2022).
10.13	Warrant, dated June 15, 2022 by and between the Registrant and Hercules Private Global Venture Growth Fund I L.P. (Incorporated by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q (File No. 001-38944 filed on August 5, 2022).
10.14	Warrant, dated June 15, 2022 by and between the Registrant and Hercules Capital, Inc. (Incorporated by reference to Exhibit 10.4 of the Registrant's Quarterly Report on Form 10-Q (File No. 001-38944 filed on August 5, 2022).
10.15	Second Amendment to the Loan and Security Agreement dated February 28, 2024 by and between the Registrant and Hercules Capital, Inc. (Incorporated by reference on Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q (File No. 001-38944 filed on May 10, 2024).
10.16	Warrant Agreement, dated March 12, 2024 by and between the Registrant and Hercules Private Credit Fund 1 L.P. (Incorporated by reference on Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q (File No. 001-38944 filed on May 10, 2024).
19.1*	Insider Trading Policy
21.1	List of Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.1 of the Registrant's Annual Report on Form 10-K (File No. 001-38944) filed on February 25, 2022)
23.1*	Consent of Deloitte & Touche LLP, independent registered public accounting firm
24.1*	Power of Attorney (included on the signatures pages hereto)
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 amended
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 amended
32.1+	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1#	Compensation Recovery Policy effective September 13, 2023 (incorporated by reference to Exhibit 97.1 of the Registrant's Annual Report on Form 10-K (File No. 001-38944) filed on February 29, 2024)
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document

Exhibit Number	Exhibit Description
101.SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Indicates a management contract or any compensatory plan, contract or arrangement.

* Filed herewith.

** Portions of this exhibit (indicated by asterisks) have been omitted pursuant to Item 601(b)(10) of Regulation S-K.

+ The certifications furnished in Exhibit 32.1 hereto are deemed to be furnished with this Annual Report on Form 10-K and will not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AKERO THERAPEUTICS, INC.

Date: February 28, 2025

By: /s/ ANDREW CHENG
Andrew Cheng, M.D., Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

POWER OF ATTORNEY

Each person whose individual signature appears below hereby authorizes and appoints Andrew Cheng, Jonathan Young, and William White, and each of them, with full power of substitution and resubstitution and full power to act without the other, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this annual report on Form 10-K and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons in the capacities indicated below and on the dates indicated:

Signature	Title	Date
<u>/s/ ANDREW CHENG</u> Andrew Cheng, M.D., Ph.D.	Chief Executive Officer, President and Director (Principal Executive Officer)	February 28, 2025
<u>/s/ WILLIAM WHITE</u> William White	Executive Vice President, Chief Financial Officer and Head of Corporate Development (Principal Financial and Accounting Officer)	February 28, 2025
<u>/s/ JUDY CHOU</u> Judy Chou, Ph.D.	Director	February 28, 2025
<u>/s/ SETH L. HARRISON</u> Seth L. Harrison, M.D.	Director	February 28, 2025
<u>/s/ JANE P. HENDERSON</u> Jane P. Henderson	Director	February 28, 2025
<u>/s/ TOM HEYMAN</u> Tom Heyman	Director	February 28, 2025
<u>/s/ MARK IWICKI</u> Mark Iwicki	Director	February 28, 2025
<u>/s/ GRAHAM WALMSLEY</u> Graham Walmsley, M.D., Ph.D	Director	February 28, 2025
<u>/s/YUAN XU</u> Yuan Xu, Ph.D	Director	February 28, 2025

AKERO THERAPEUTICS, INC. CORPORATE AND OTHER INFORMATION

Board Of Directors

Andrew Cheng, M.D., Ph.D.
Director, President and Chief Executive Officer

Judy Chou, Ph.D.
President and Chief Executive Officer, AltruBio, Inc.

Seth L. Harrison, M.D.
Managing Partner, Apple Tree Partners

Jane Henderson
Chief Financial Officer, Apogee Therapeutics, Inc.

Tomas Heyman
Former President of Johnson & Johnson Development Corporation

Mark T. Iwicki
Chairman of the Board; Chief Executive Officer, Inhibikase Therapeutics, Inc.

Graham Walmsley, M.D., Ph.D.
Managing Member, Logos Capital

Yuan Xu, Ph.D.
Former Chief Executive Officer of Legend Biotech Co.

Board Committees

*Audit Committee
Compensation Committee
Nominating and Corporate Governance Committee*

Executive Officers

Andrew Cheng, M.D., Ph.D.
Director, President and Chief Executive Officer

Scott Gangloff
Chief Technology Officer

Patrick Lamy
Senior Vice President, Commercial Strategy

Timothy Rolph, D.Phil.
Chief Scientific Officer

William White, J.D.
Chief Financial Officer and Head of Corporate Development and Treasurer

Catriona Yale
Chief Development Officer

Jonathan Young, J.D., Ph.D.
Chief Operating Officer and Secretary

Corporate Headquarters

601 Gateway Boulevard, Suite 350
South San Francisco, CA 94080

Annual Meeting

The 2025 Annual Meeting of Stockholders will be held online, on the day and time as set forth in the notice of the meeting, proxy statement and form of proxy that will be mailed to stockholders in advance of the meeting.

Form 10-K Report

The Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission, is printed as part of this Annual Report. Additional copies are available without charge upon written request to:

Attention: Corporate Secretary
601 Gateway Boulevard, Suite 350
South San Francisco, CA 94080

Transfer Agent

Computershare Trust Company, N.A.
150 Royall Street, Suite 101
Canton, MA 02021
1 (855) 879-3967
<https://www.computershare.com/us>

**Independent Registered Public
Accounting Firm**

Deloitte & Touche LLP
110 Morris Street
Morristown, NJ 07960.

Stock Exchange

Akero Therapeutics, Inc.'s common shares are listed on the Nasdaq Global Market under the trading symbol "AKRO."

Visit us on the Web

<https://www.akerotx.com>

Investor Relations

IRcontact@akerotx.com