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

# FORM 10-Q

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

**For the quarterly period ended March 31, 2022**
**OR**

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

**Commission File Number: 001-33958**


# SELLAS Life Sciences Group, Inc.

*(Exact name of registrant as specified in its charter)*

| **Delaware** | **20-8099512** |
|---|---|
| *(State of incorporation)* | *(I.R.S. Employer Identification No.)* |

**7 Times Square, Suite 2503, New York, NY 10036**
**(646) 200-5278**

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

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, $0.0001 par value per share | SLS | The Nasdaq Stock Market LLC |

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

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

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

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

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

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

As of May 11, 2022, SELLAS Life Sciences Group, Inc. had outstanding 20,535,629 shares of common stock.

**SELLAS LIFE SCIENCES GROUP, INC.**
**FORM 10-Q - Quarterly Report**
**For the Quarter Ended March 31, 2022**

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Unless the context otherwise indicates, references in these notes to the “Company,” “we,” “us” or “our” refer to SELLAS Life Sciences Group, Inc. and its wholly owned subsidiaries.

## SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements that reflect our current views with respect to our development programs, business strategy, business plan, financial performance and other future events. These statements include forward-looking statements both with respect to us, specifically, and our industry, in general. Such forward-looking statements include the words "expect," "intend," "plan," "believe," "project," "estimate," "may," "should," "anticipate," "will" and similar statements of a future or forward-looking nature identify forward-looking statements.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Forward-looking statements are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. The COVID-19 pandemic has caused a widespread global health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could impact our operating results. We expect the COVID-19 pandemic may continue to have both a direct and an indirect impact on our business operations and financial results and the business operations of our partners and collaborators; the extent of the impact on our clinical development and regulatory efforts and those of our partners and collaborators, our corporate development objectives, our financial position and the value of and market for our common stock will depend on future developments that are highly uncertain and cannot be predicted with confidence at this time, such as the ultimate duration of the pandemic, the emergence of new variants, travel restrictions, quarantines, social distancing and business closure requirements in the United States and in other countries, including China, and the effectiveness of actions taken globally to contain and treat the disease, including the availability of safe and effective vaccines and the uptake thereof. There are or will be important factors that could cause actual results to differ materially from those indicated in these statements. These factors include, but are not limited to, those factors set forth in the sections captioned "Business – Overview," "Risk Factors," "Legal Proceedings," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in this Quarterly Report on Form 10-Q, in our Annual Report on Form 10-K for the year ended December 31, 2021 as filed with the Securities and Exchange Commission ("SEC") on March 31, 2022 ("2021 Annual Report") and in our other public filings with the SEC, all of which you should review carefully. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

## PART I FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

**SELLAS LIFE SCIENCES GROUP, INC.**
**CONSOLIDATED BALANCE SHEETS**
**(Amounts in thousands, except share and per share data)**
**(Unaudited)**

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 14,252 | $ 21,355 |
| Restricted cash and cash equivalents | 100 | 100 |
| Accounts receivable | 1,000 | — |
| Prepaid expenses and other current assets | 2,487 | 1,589 |
| Total current assets | 17,839 | 23,044 |
| Operating lease right-of-use assets | 1,127 | 723 |
| Goodwill | 1,914 | 1,914 |
| Deposits and other assets | 554 | 594 |
| Total assets | $ 21,434 | $ 26,275 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | $ 2,842 | $ 2,144 |
| Accrued expenses and other current liabilities | 3,012 | 2,640 |
| Operating lease liabilities | 325 | 198 |
| Acquired in-process research and development payable | 4,500 | — |
| Total current liabilities | 10,679 | 4,982 |
| Acquired in-process research and development payable, non-current | 5,500 | — |
| Operating lease liabilities, non-current | 883 | 610 |
| Warrant liability | 51 | 40 |
| Contingent consideration | 296 | 296 |
| Total liabilities | 17,409 | 5,928 |
| Commitments and contingencies (Note 7) | | |
| Stockholders' equity: | | |
| Preferred stock, $0.0001 par value; 5,000,000 shares authorized; Series A convertible preferred stock, 17,500 shares designated; no shares issued and outstanding at March 31, 2022 and December 31, 2021 | — | — |
| Common stock, $0.0001 par value; 350,000,000 shares authorized, 15,905,999 and 15,895,637 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively | 2 | 2 |
| Additional paid-in capital | 159,370 | 158,948 |
| Accumulated deficit | (155,347) | (138,603) |
| Total stockholders' equity | 4,025 | 20,347 |
| Total liabilities and stockholders' equity | $ 21,434 | $ 26,275 |

See accompanying notes to these unaudited consolidated financial statements.

**SELLAS LIFE SCIENCES GROUP, INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Amounts in thousands, except share and per share data)**
**(Unaudited)**

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Licensing revenue | $ 1,000 | $ 5,700 |
| Operating expenses: | | |
| Cost of licensing revenue | 100 | 100 |
| Research and development | 4,611 | 4,284 |
| Acquired in-process research and development | 10,000 | — |
| General and administrative | 3,024 | 3,561 |
| Total operating expenses | 17,735 | 7,945 |
| Operating loss | (16,735) | (2,245) |
| Non-operating income (expense), net: | | |
| Change in fair value of warrant liability | (11) | (31) |
| Change in fair value of contingent consideration | — | (129) |
| Interest income | 2 | 2 |
| Total non-operating expense, net | (9) | (158) |
| Net loss | $ (16,744) | $ (2,403) |
| | | |
| Per share information: | | |
| Net loss per common share, basic and diluted | $ (1.05) | $ (0.16) |
| Weighted-average common shares outstanding, basic and diluted | 15,897,479 | 14,877,317 |

See accompanying notes to these unaudited consolidated financial statements.

**SELLAS LIFE SCIENCES GROUP, INC.**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**(Amounts in thousands, except share amounts)**
**(Unaudited)**

| | Three Months Ended March 31, 2022 | | | | |
|---|---|---|---|---|---|
| | Common Stock | | Additional Paid-In Capital | Accumulated Deficit | Total Stockholders' Equity |
| | Shares | Amount | | | |
| Balance at December 31, 2021 | 15,895,637 | $ 2 | $ 158,948 | $ (138,603) | $ 20,347 |
| Issuance of common stock under employee stock purchase plan | 10,362 | — | 47 | — | 47 |
| Stock-based compensation | — | — | 375 | — | 375 |
| Net loss | — | — | — | (16,744) | (16,744) |
| Balance at March 31, 2022 | 15,905,999 | $ 2 | $ 159,370 | $ (155,347) | $ 4,025 |

| | Three Months Ended March 31, 2021 | | | | |
|---|---|---|---|---|---|
| | Common Stock | | Additional Paid-In Capital | Accumulated Deficit | Total Stockholders' Equity |
| | Shares | Amount | | | |
| Balance at December 31, 2020 | 14,254,554 | $ 1 | $ 145,864 | $ (117,904) | $ 27,961 |
| Issuance of common stock and common stock warrants, net of issuance costs | 830,200 | 1 | 2,999 | — | 3,000 |
| Stock-based compensation | — | — | 184 | — | 184 |
| Net loss | — | — | — | (2,403) | (2,403) |
| Balance at March 31, 2021 | 15,084,754 | $ 2 | $ 149,047 | $ (120,307) | $ 28,742 |

See accompanying notes to these unaudited consolidated financial statements.

**SELLAS LIFE SCIENCES GROUP, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Amounts in thousands)**
**(Unaudited)**

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Cash flows from operating activities: | | |
| Net loss | $ (16,744) | $ (2,403) |
| Adjustment to reconcile net loss to net cash used in operating activities: | | |
| Acquired in-process research and development expense | 10,000 | — |
| Non-cash stock-based compensation | 375 | 184 |
| Change in operating lease right of use assets | 45 | — |
| Change in fair value of common stock warrants | 11 | 31 |
| Change in fair value of contingent consideration | — | 129 |
| Changes in operating assets and liabilities: | | |
| Contract asset | — | (564) |
| Accounts receivable | (1,000) | |
| Prepaid expenses and other assets | (606) | (2,683) |
| Accounts payable | 667 | (897) |
| Accrued expenses and other current liabilities | 151 | 634 |
| Operating lease liabilities | (49) | |
| Deferred revenue | — | (4,700) |
| Net cash used in operating activities | (7,150) | (10,269) |
| Cash flows from financing activities: | | |
| Proceeds from employee stock purchases | 47 | — |
| Net proceeds from exercise of warrants | — | 3,000 |
| Net cash provided by financing activities | 47 | 3,000 |
| Net decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents | (7,103) | (7,269) |
| Cash, cash equivalents, restricted cash, and restricted cash equivalents at the beginning of period | 21,455 | 35,402 |
| Cash, cash equivalents, restricted cash, and restricted cash equivalents at the end of period | $ 14,352 | $ 28,133 |
| | | |
| **Supplemental disclosure of cash flow information:** | | |
| Cash received during the period for interest | $ 2 | $ — |
| **Supplemental disclosure of non-cash investing and financing activities:** | | |
| Payable for acquired in-process research and development | $ 10,000 | $ — |
| Increase in operating right of use asset and current and non-current lease liability | $ 449 | $ — |
| Deferred offering expenses included in accounts payable and accrued expenses and other current liabilities | $ 252 | $ — |

See accompanying notes to these unaudited consolidated financial statements.

**SELLAS LIFE SCIENCES GROUP, INC.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

## 1. Description of Business

### Overview

SELLAS Life Sciences Group, Inc. (the "Company" or "SELLAS") is a late-stage clinical biopharmaceutical company focused on novel therapeutics for a broad range of cancer indications. SELLAS' lead product candidate, galinpepimut-S ("GPS"), is a cancer immunotherapeutic agent licensed from Memorial Sloan Kettering Cancer Center ("MSK") and targets the Wilms Tumor 1 ("WT1") protein, which is present in an array of tumor types. GPS has potential as a monotherapy or in combination with other immunotherapeutic agents to address a broad spectrum of hematologic, or blood, cancers and solid tumor indications. SELLAS' second product candidate is GFH009, a small molecule, highly selective cyclin-dependent kinase 9 ("CDK9") inhibitor, which is licensed from GenFleet Therapeutics (Shanghai), Inc., for all therapeutic and diagnostic uses in the world outside of Greater China.

## 2. Liquidity

On April 5, 2022, the Company closed an underwritten public offering (the "April 2022 Offering"), issuing 4,629,630 shares of common stock and accompanying common stock warrants to purchase an aggregate of 4,629,630 shares of common stock. The shares of common stock and accompanying common stock warrants were sold at a combined price of $5.40 per share and accompanying common stock warrant. Each common stock warrant sold with the shares of common stock represents the right to purchase one share of the Company's common stock at an exercise price of $5.40 per share. The common stock warrants are exercisable immediately and will expire on April 5, 2027, five years from the date of issuance. The net proceeds to the Company from the April 2022 Offering, after deducting the underwriting discounts and commissions and other offering expenses, and excluding the exercise of any warrants, were approximately $23.0 million.

On March 31, 2022, the Company entered into an exclusive license agreement with GenFleet Therapeutics (Shanghai) Inc. ("GenFleet") pursuant to which GenFleet granted to the Company a sublicensable, royalty-bearing license, under certain of its intellectual property, to develop, manufacture, and commercialize a small molecule CDK9 inhibitor for the treatment, diagnosis or prevention of disease in humans and animals in all countries and territories of the world, other than mainland China, Hong Kong, Macau and Taiwan (the "GFH009 Territory"). The CDK9 inhibitor, GFH009, is currently in a Phase 1 clinical trial in the United States and China.

In consideration for the exclusive license, the Company has agreed to pay to GenFleet (i) an upfront and technology transfer fee of $10.0 million, $4.5 million of which was payable within 30 days of the effective date of the license agreement, and $5.5 million of which is due upon the first day of the 15th calendar month following the effective date of the license agreement, (ii) development and regulatory milestone payments for up to three indications totaling up to $48.0 million in the aggregate, and (iii) sales milestone payments totaling up to $92.0 million in the aggregate upon the achievement of certain net sales thresholds in a given calendar year. The Company has also agreed to pay GenFleet single-digit tiered royalties based upon a percentage of annual net sales, with the royalty rate escalating based on the level of annual net sales of GFH009 in the GFH009 Territory ranging from the low to high single digits.

On March 31, 2022, the Company announced that an investigational new drug ("IND") application filed by 3D Medicines Inc. ("3DMed"), pursuant to its Exclusive License Agreement with the Company (the "3DMed License Agreement) for a small Phase 1 clinical trial investigating safety of GPS in China, was approved by China's National Medical Products Administration ("NMPA"). The IND approval by the NMPA triggered a $1.0 million milestone payment to the Company which was received subsequent to March 31, 2022. An additional $191.5 million in potential future development, regulatory, and sales milestones, not including future royalties, remains under the 3DMed License Agreement as of March 31, 2022, which milestones are variable in nature and not under the Company's control. The current clinical development plan provides for initiation of a Phase II clinical trial following receipt of satisfactory safety data from the Phase 1 clinical trial; the initiation of the Phase II clinical trial will trigger a milestone payment to the Company which is expected in the second half of 2022 subject to any potential delays due to COVID-related lockdowns in China.

On April 16, 2021, the Company entered into a Controlled Equity Offering[SM] Sales Agreement (the "Sales Agreement") with Cantor Fitzgerald & Co. (the "Agent"). From time to time during the term of the Sales Agreement, the Company may offer and sell shares of common stock having an aggregate offering price up to a total of $50.0 million in gross proceeds. The Agent will collect a fee equal to 3% of the gross sales price of all shares of common stock sold. Shares of common stock sold under the Sales Agreement are offered and sold pursuant to the Company's registration statement on Form S-3, which was filed with the SEC on April 16, 2021 and declared effective on April 29, 2021. During the year ended December 31, 2021, the Company sold a total of 786,927 shares of common stock pursuant to the Sales Agreement at an average price of $12.04 per share for aggregate net proceeds of approximately $9.0 million. There were no sales of shares of common stock under the Sales Agreement during the three months ended March 31, 2022. There remains approximately $40.5 million available for future sales of shares of common stock under the Sales Agreement. Other than the Sales Agreement, the Company currently does not have any commitments to obtain additional funds.

Since inception, the Company has incurred recurring losses and negative cash flows from operations and, as of March 31, 2022, has an accumulated deficit of $155.3 million. During the three months ended March 31, 2022, the Company incurred a net loss of $16.7 million, which includes a one-time $10.0 million expense for acquired in-process research and development related to the upfront license fee for GFH009, and used $7.2 million of cash in operations. The Company expects to continue to generate operating losses and negative cash flows from operations for the next few years and will need additional funding to support its planned operating activities through profitability. The transition to profitability is dependent upon the successful development, approval, and commercialization of the Company's product candidates and the achievement of a level of revenues adequate to support its cost structure.

As of March 31, 2022, the Company had cash and cash equivalents of approximately $14.3 million and restricted cash and cash equivalents of $0.1 million. In accordance with Accounting Standards Codification ("ASC") 205-40, *Presentation of Financial Statements - Going Concern*, the Company evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern within one year after the consolidated financial statements are issued. The Company expects that its cash and cash equivalents, together with the net proceeds of approximately $23.0 million from the April 2022 Offering, will be sufficient to fund current planned operations for at least the next 12 months from the date of issuance of these financial statements, though it may pursue additional capital resources through public or private equity or debt financings or by entering into additional license agreements or collaborations with other companies. Management's expectations with respect to its ability to fund current planned operations is based on estimates that are subject to risks and uncertainties. If actual results are different from management's estimates, the Company may need to seek additional strategic or financing opportunities sooner than would otherwise be expected. There is no guarantee that any of these strategic or financing opportunities will be executed or executed on favorable terms, and some could be dilutive to existing stockholders. If the Company is unable to obtain additional funding on a timely basis, it may be forced to significantly curtail, delay, or discontinue one or more of its planned research and development programs or be unable to expand its operations or otherwise prepare for the potential regulatory approval and commercialization of its product candidates, assuming positive data.

## 3. Basis of Presentation and Significant Accounting Policies

The Company's complete summary of significant accounting policies can be found in "Item 8. Financial Statements and Supplementary Data - Note 3. Basis of Presentation and Significant Accounting Policies" in the audited annual consolidated financial statements included in the 2021 Annual Report. The significant accounting policies summarized and included in the 2021 Annual Report have not materially changed, except as set forth below.

*Basis of Presentation*

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”). Any reference in these notes to applicable guidance is meant to refer to U.S. GAAP as found in the ASC and Accounting Standards Updates of the Financial Accounting Standards Board ("FASB").

*Principles of Consolidation*

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated upon consolidation. Unless the context otherwise indicates, reference in these notes to the "Company" refer to SELLAS Life Sciences Group, Inc., and its wholly owned subsidiaries, SELLAS Life Sciences Group, Ltd., a privately held Bermuda exempted company, SLSG Limited, LLC, Sellas Life Sciences Limited, and Apthera, Inc.

*Unaudited Interim Results*

These consolidated financial statements and accompanying notes should be read in conjunction with the Company's annual consolidated financial statements and the notes thereto included in the 2021 Annual Report. The accompanying consolidated financial statements as of March 31, 2022 and for the three months ended March 31, 2022 and 2021, are unaudited, but include all adjustments, consisting of normal recurring entries, that management believes to be necessary for a fair presentation of the periods presented. Interim results are not necessarily indicative of results for a full year. Balance sheet amounts as of December 31, 2021 have been derived from the audited financial statements as of that date.

*Impact of COVID-19*

The ongoing global COVID-19 pandemic, including the surges of cases from the Delta and Omicron variants, continues to disrupt the Company’s business operations and those of its collaborators, including 3DMed and GenFleet contractors, contract research organizations (“CROs”), suppliers, clinical sites, contract manufacturing organizations (“CMOs”), and other partners. The COVID-19 pandemic could affect the health and availability of the Company’s workforce and that of the third-parties it relies on, such as its CROs, clinical sites, CMOs, and other contractors as well as the governmental agencies, such as the U.S. Food and Drug Administration (“FDA”) and health authorities in other countries which could delay or otherwise adversely impact the ability of such parties to fulfill their obligations. The Company is continuously monitoring the impact of the pandemic on its clinical development programs. The full extent to which the COVID-19 pandemic will continue to directly or indirectly impact the Company’s business, results of operations and financial condition will depend on future developments that are highly uncertain, subject to change and cannot be predicted with confidence, including the duration of the outbreak, the continued availability and efficacy of vaccines, new information which may emerge concerning the severity of COVID-19, the emergence of new variants of COVID-19, and the actions to contain COVID-19 or treat its impact, including continuing or new lockdowns, among others.

*Accounts Receivable*

Accounts receivable are carried at face value less any provision for uncollectible amounts. As of March 31, 2022, the Company had $1.0 million of accounts receivable related to the IND approval by the NMPA which triggered a $1.0 million milestone payment to the Company pursuant to the 3DMed License Agreement. The Company received the $1.0 million milestone payment in the second quarter of 2022.

*Deferred Offering Costs*

The Company accounts for offering costs in according with *ASC 340, Other Assets and Deferred Costs*. Prior to the completion of an offering, offering costs were capitalized as deferred offering costs within prepaid expenses and other current assets in the consolidated balance sheet. The deferred offering costs are netted against the gross proceeds of the offering in stockholders' equity upon completion of the subsequent offering.

*Acquired In-Process Research and Development*

Costs incurred in obtaining technology licenses are immediately recognized as acquired in-process research and development expense, provided the technology licensed has no alternative future use. Payments related to contingent consideration such as development milestones, commercial milestones and royalties (Note 5) will be recognized when the contingency is probable and reasonably estimable as prescribed by *ASC 450, Contingencies*.

*Net Loss Per Share*

Net loss per share is computed by dividing net loss applicable to common stockholders by the weighted average number of shares of common stock outstanding during each period. Diluted loss per share includes the effect, if any, from the potential exercise or conversion of securities, such as warrants, stock options and unvested restricted stock that would result in the issuance of incremental shares of common stock. In computing the basic and diluted net loss per share, the weighted average number of shares remains the same for both calculations due to the fact that, when a net loss exists, dilutive shares are not included in the calculation as the impact is anti-dilutive.

The following potentially dilutive securities outstanding have been excluded from the computation of diluted weighted average shares outstanding, as they would be anti-dilutive (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Common stock warrants | 518 | 561 |
| Stock options | 1,006 | 486 |
| RSUs | 297 | 210 |
| | 1,821 | 1,257 |

*Recent Accounting Standards Adopted*

In May 2021, the FASB issued ASU No. 2021-04, *Issuer's Accounting for Certain Modifications of Exchanges of Freestanding Equity-Classified Written Call Options* to clarify the accounting for modifications or exchanges of freestanding equity-classified written call options, such as warrants, that remain equity classified after modification or exchange. This ASU became effective for the Company on January 1, 2022 and did not have a material impact on the Company's consolidated financial statements.

*Recent Accounting Standards Not Yet Adopted*

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* which, among other things, simplifies the accounting models for the allocation of proceeds attributable to the issuance of a convertible debt instrument. As a result, after adopting the ASU's guidance, entities will not separately present in equity an embedded conversion feature in such debt. Instead, they will account for a convertible debt instrument wholly as debt, and for convertible preferred stock wholly as preferred stock (i.e., as a single unit of account), unless (i) a convertible instrument contains features that require bifurcation as a derivative under ASC 815 or (ii) a convertible debt instrument was issued at a substantial premium. The standard becomes effective for the Company in the first quarter of 2024 and early adoption is permitted. The Company is currently evaluating the potential impact of the adoption of this standard on its consolidated financial statements.

## 4. Fair Value Measurements

The following tables present information about the Company's assets and liabilities measured at fair value on a recurring basis in the consolidated balance sheets (in thousands):

| Description | March 31, 2022 | Quoted Prices In Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Assets: | | | | |
| Cash equivalents | $ 14,000 | $ 14,000 | $ — | $ — |
| Restricted cash equivalents | 100 | 100 | — | — |
| Total assets measured and recorded at fair value | $ 14,100 | $ 14,100 | $ — | $ — |
| Liabilities: | | | | |
| Warrant liability | $ 51 | $ — | $ — | $ 51 |
| Contingent consideration | 296 | — | — | 296 |
| Total liabilities measured and recorded at fair value | $ 347 | $ — | $ — | $ 347 |

| Description | December 31, 2021 | Quoted Prices In Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Assets: | | | | |
| Cash equivalents | $ 21,000 | $ 21,000 | $ — | $ — |
| Restricted cash equivalents | 100 | 100 | — | — |
| Total assets measured and recorded at fair value | $ 21,100 | $ 21,100 | $ — | $ — |
| Liabilities: | | | | |
| Warrant liability | $ 40 | $ — | $ — | $ 40 |
| Contingent consideration | 296 | — | — | 296 |
| Total liabilities measured and recorded at fair value | $ 336 | $ — | $ — | $ 336 |

The Company did not transfer any financial instruments into or out of Level 3 classification during the three months ended March 31, 2022 or during the year ended December 31, 2021. See Note 9, Warrants to Acquire Shares of Common Stock, for a reconciliation of the changes in the fair value of the warrant liability for the three months ended March 31, 2022.

A reconciliation of the change in the fair value of the contingent consideration liability for the three months ended March 31, 2022 is as follows (in thousands):

| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3) |
|---|---|
| Contingent consideration, December 31, 2021 | $ 296 |
| Change in the estimated fair value of the contingent consideration | — |
| Contingent consideration, March 31, 2022 | $ 296 |

The contingent consideration relates to the future contingent payments of up to $32.0 million based on the achievement of certain development and commercial milestones relating to the Company's nelipepimut-S ("NPS") product candidate, of which $2.0 million has been paid to date. The remaining contingent consideration of up to $30.0 million is payable at the election of the Company in either cash or shares of common stock, provided that the Company may not issue any shares in satisfaction of any contingent consideration, unless it has first obtained approval from its stockholders in accordance with Rule 5635(a) of the Nasdaq Marketplace Rules. The fair value of the contingent consideration is measured at the end of each reporting period using Level 3 inputs. The fair value of development and regulatory milestones are estimated utilizing a probability adjusted, discounted cash flow approach and the fair value of net sales milestones is estimated utilizing an option pricing model with Monte Carlo simulation.

The following significant unobservable inputs were used in the valuation of the contingent consideration liability:

| | As of March 31, 2022 | As of December 31, 2021 |
|---|---|---|
| Potential milestone payments | $0 - $30 million | $0 - $30 million |
| Discount rate | 15.5 % | 15.5 % |
| Cumulative probability of success | 5.3 % | 5.3 % |
| Projected years of payments | 2028 - 2031 | 2028 - 2031 |

## 5. Acquired In-Process Research and Development

*Exclusive License Agreement with GenFleet Therapeutics (Shanghai) Inc.*

On March 31, 2022, the Company entered into an exclusive license agreement with GenFleet pursuant to which GenFleet granted to the Company a sublicensable, royalty-bearing license, under certain of its intellectual property, to develop, manufacture, and commercialize GFH009 for the treatment, diagnosis or prevention of disease in humans and animals in the GFH009 Territory. GFH009 is currently in a Phase 1 clinical trial in the United States and China.

In consideration for the exclusive license, the Company has agreed to pay to GenFleet (i) an upfront and technology transfer fee of $10.0 million, $4.5 million of which was payable within 30 days of the effective date of the license agreement, and $5.5 million of which is due upon the first day of the 15th calendar month following the effective date of the license agreement, (ii) development and regulatory milestone payments for up to three indications totaling up to $48.0 million in the aggregate, and (iii) sales milestone payments totaling up to $92.0 million in the aggregate upon the achievement of certain net sales thresholds in a given calendar year. The Company has also agreed to pay GenFleet single-digit tiered royalties based upon a percentage of annual net sales, with the royalty rate escalating based on the level of annual net sales of GFH009 in the GFH009 Territory ranging from the low to high single digits.

During the three months ended March 31, 2022, the Company expensed $10.0 million related to the acquired technology as in-process research and development based on the assessment that the technology has no alternative future use, $4.5 million of which was paid in April 2022 and the remaining $5.5 million expected to be paid by the end of the second quarter of 2023 upon the occurrence of events deemed probable to occur as of March 31, 2022. As of March 31, 2022, the Company recorded a current and non-current payable related to the acquired in-process research and development in the consolidated balance sheet in the amounts of $4.5 million and $5.5 million, respectively.

## 6. Balance Sheet Accounts

Prepaid expenses and other current assets consist of the following (in thousands):

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Insurance | $ 1,262 | $ 217 |
| Clinical development | 811 | 1,309 |
| Deferred offering costs | 252 | — |
| Professional fees | 151 | 36 |
| Other | 11 | 27 |
| Prepaid expenses and other current assets | $ 2,487 | $ 1,589 |

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

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Clinical trial costs | $ 2,049 | $ 1,325 |
| Compensation and related benefits | 446 | 989 |
| Professional fees | 261 | 165 |
| Other | 256 | 161 |
| Accrued expenses and other current liabilities | $ 3,012 | $ 2,640 |

## 7. Commitments and Contingencies

*Leases*

The Company has a non-cancelable operating lease for certain executive, administrative, and general business office space for its headquarters in New York, New York, which began on June 5, 2020, was amended in February 2022 to add additional space, and has a term through December 31, 2024. The Company assessed the lease amendment for the additional space and determined it should be accounted for as a separate contract.

The weighted average discount rate of the Company's operating leases under *FASB Topic ASC 842, Leases ("ASC 842")* is approximately 13.95%. As of March 31, 2022, the leases have a remaining term of 2.75 years. Rent expense related to the Company's operating leases was approximately $0.1 million for each of the three months ended March 31, 2022 and 2021. The Company made cash payments related to its operating leases of approximately $0.1 million for each of the three months ended March 31, 2022 and 2021.

Future minimum lease payments are as follows as of March 31, 2022 (in thousands):

| | |
|---|---|
| Future minimum lease payments: | |
| 2022 (remaining) | $ 378 |
| 2023 | 518 |
| 2024 | 533 |
| Total future minimum lease payments | 1,429 |
| Less: imputed interest | (221) |
| Current and non-current operating lease liabilities | $ 1,208 |

*Legal Proceedings*

From time to time, the Company is subject to various pending or threatened legal actions and proceedings, including those that arise in the ordinary course of its business, which may include employment matters, breach of contract disputes and stockholder litigation. Such actions and proceedings are subject to many uncertainties and to outcomes that are not predictable with assurance and that may not be known for extended periods of time. The Company records a liability in its consolidated financial statements for costs related to claims, including future legal costs, settlements and judgments, when the Company has assessed that a loss is probable and an amount can be reasonably estimated. If the reasonable estimate of a probable loss is a range, the Company records the most probable estimate of the loss or the minimum amount when no amount within the range is a better estimate than any other amount. The Company discloses a contingent liability even if the liability is not probable or the amount is not estimable, or both, if there is a reasonable possibility that a material loss may have been incurred. In the opinion of management, as of the date hereof, the amount of liability, if any, with respect to these matters, individually or in the aggregate, will not materially affect the Company's consolidated results of operations, financial position or cash flows. As of March 31, 2022 there was no pending or threatened litigation.

## 8. Stockholders' Equity

*Preferred Stock*

The Company has authorized up to 5,000,000 shares of preferred stock, $0.0001 par value per share, for issuance. There were no preferred shares outstanding as of March 31, 2022 and December 31, 2021.

*Common Stock*

The Company has authorized up to 350,000,000 shares of common stock, $0.0001 par value per share, for issuance.

As of March 31, 2022, the Company has shares of common stock reserved for future issuance as follows (in thousands):

| | |
|---|---|
| Warrants outstanding | 518 |
| Stock options outstanding | 1,006 |
| RSUs outstanding | 297 |
| Shares reserved for future issuance under the Company's 2019 Equity Incentive Plan | 672 |
| Shares reserved for future issuance under the 2021 Employee Stock Purchase Plan | 290 |
| Shares reserved for future issuance under the 2017 Employee Stock Purchase Plan | 14 |
| Total common stock reserved for future issuance | 2,797 |

## 9. Warrants to Acquire Shares of Common Stock

*Warrants Outstanding*

The following is a summary of the activity of the Company's warrants to acquire shares of common stock for the three months ended March 31, 2022 (in thousands):

| Warrant Issuance | Outstanding, December 31, 2021 | Canceled/Expired | Outstanding, March 31, 2022 | Exercise Price per Share | Expiration |
|---|---|---|---|---|---|
| Warrants classified as equity: | | | | | |
| January 2020 Offering | 309 | — | 309 | $ 3.93 | July 2025 |
| July 2020 PIPE Offering | 25 | — | 25 | $ 3.30 | August 2025 |
| July 2018 Offering | 132 | — | 132 | $ 7.50 | July 2023 |
| March 2019 Exercise Agreement | 30 | — | 30 | $ 7.50 | March 2024 |
| Other | 9 | — | 9 | $ 306.66 | December 2022 - June 2024 |
| | 505 | — | 505 | | |
| Warrants classified as liability | 14 | (1) | 13 | $ 7.50 | September 2023 - November 2023 |
| | 519 | (1) | 518 | | |

Warrants to acquire shares of common stock primarily consist of equity-classified warrants. In addition, warrants to acquire shares of common stock that may require the Company to settle in cash are liability-classified warrants.

*Warrants Classified as Liabilities*

Liability-classified warrants consist of warrants to acquire common stock issued in connection with certain previous equity financings. These warrants may be settled in cash and were determined not to be indexed to the Company’s common stock.

The estimated fair value of outstanding warrants accounted for as liabilities is determined at each balance sheet date. Any decrease or increase in the estimated fair value of the warrant liability since the most recent balance sheet date is recorded in the consolidated statement of operations as change in fair value of warrant liability. The fair value of the warrants is estimated using a Black-Scholes pricing model with the following inputs:

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Risk free interest rate | 1.96 % | 0.65 % |
| Volatility | 140.67 % | 131.04 % |
| Expected term (years) | 1.50 | 1.75 |
| Expected dividend yield | — % | — % |
| Strike price | $ 7.50 | $ 7.50 |

The expected volatility assumptions are based on the Company's implied volatility in combination with the implied volatilities of similar publicly traded entities. The expected life assumption is based on the remaining contractual terms of the warrants. The risk-free rate is based on the zero coupon rates in effect at the time of valuation. The dividend yield used in the pricing model is zero, because the Company has no present intention to pay cash dividends.

The changes in fair value of the warrant liability for the three months ended March 31, 2022 were as follows (in thousands):

| | | |
|---|---|---|
| Warrant liability, December 31, 2021 | $ | 40 |
| Change in fair value of warrants | | 11 |
| Warrant liability, March 31, 2022 | $ | 51 |

## 10. License Revenue

*Exclusive License Agreement with 3D Medicines Inc.*

In December 2020, the Company, together with its wholly-owned subsidiary, SLSG Limited, LLC, entered into an Exclusive License Agreement (the “3DMed License Agreement”) with 3D Medicines Inc. ("3DMed"), pursuant to which the Company granted 3DMed a sublicensable, royalty-bearing license, under certain intellectual property owned or controlled by the Company, to develop, manufacture and have manufactured, and commercialize GPS and heptavalent GPS (referred to as GPS Plus) product candidates ("GPS Licensed Products") for all therapeutic and other diagnostic uses in mainland China, Hong Kong, Macau and Taiwan ("3DMed Territory"). The license is exclusive, except with respect to certain know-how that has been non-exclusively licensed to the Company and is sublicensed to 3DMed on a non-exclusive basis. The Company has retained development, manufacturing and commercialization rights with respect to the GPS Licensed Products in the rest of the world.

In partial consideration for the rights granted by the Company, 3DMed agreed to pay the Company (i) a one-time upfront cash payment of $7.5 million, and (ii) milestone payments totaling up to $194.5 million in the aggregate upon the achievement of certain technology transfer, development and regulatory milestones, as well as sales milestones based on certain net sales thresholds of GPS Licensed Products in the 3DMed Territory in a given calendar year. 3DMed also agreed to pay tiered royalties based upon a percentage of annual net sales of GPS Licensed Products in the 3DMed Territory ranging from the high single digits to the low double digits.

The Company determined the initial transaction price of the single performance obligation to be $9.5 million, which included the $7.5 million upfront fee as well as $2.0 million in development milestones that were assessed as probable of being achieved at the inception of the 3DMed License Agreement and therefore were not constrained. As of December 31, 2021, the full $9.5 million initial transaction price was fully recognized as licensing revenue. The Company determined that the remaining $192.5 million in certain future development, regulatory, and sales milestones is variable consideration subject to constraint at inception. At the end of each reporting period, the Company reevaluates the probability of achievement of the future development, regulatory, and sales milestones subject to constraint and, if necessary, will adjust its estimate of the overall transaction price. Any such adjustments will be recorded on a cumulative catch-up basis, which would affect revenues and earnings in the period of adjustment.

On March 31, 2022, the Company announced that an IND application filed by 3DMed, pursuant to its 3DMed License Agreement for GPS, for a small Phase 1 clinical trial investigating safety of GPS in China was approved by China's NMPA. The IND approval by the NMPA triggered a $1.0 million milestone payment to the Company which was received subsequent to March 31, 2022. An additional $191.5 million in potential future development, regulatory, and sales milestones, not including future royalties, remains under the 3DMed License Agreement as of March 31, 2022, which milestones are variable in nature and not under the Company's control. The current clinical development plan provides for initiation of a Phase II clinical trial following receipt of satisfactory safety data from the Phase 1 clinical trial; the initiation of the Phase II clinical trial will also trigger a milestone payment to the Company which is expected in the second half of 2022 subject to any potential delays due to COVID-related lockdowns in China.

For the sales-based royalties, the Company will recognize revenue when the related sales occur. To date, the Company has not recognized any royalty revenue resulting from any of its licensing arrangements.

There was $1.0 million in license revenue recognized during the three months ended March 31, 2022, and $5.7 million of license revenue recognized during the three months ended March 31, 2021.

There was $0.1 million in cost of license revenue for sublicensing fees incurred during the three months ended March 31, 2022, and 2021 under the Company's license from MSK in connection with the 3DMed License Agreement.

## 11. Stock-Based Compensation

*2017 Equity Incentive Plan*

On December 29, 2017, the 2017 Equity Incentive Plan was approved by the stockholders of the Company, which provided for the issuance of up to approximately 22,000 shares of common stock underlying stock options granted prior to September 10, 2019. The 2017 Equity Incentive Plan was terminated upon the approval of the 2019 Incentive Plan subject to outstanding stock options granted under the 2017 Equity Incentive Plan that remain exercisable through maturity for the Company's employees and directors.

*2019 Equity Incentive Plan*

On September 10, 2019, the 2019 Equity Incentive Plan was approved by the stockholders of the Company, which currently allows for issuance of up to approximately 1,964,000 shares of common stock in connection with the grant of stock-based awards, including stock options, restricted stock, restricted stock units, stock appreciation rights and other types of awards as deemed appropriate.

The number of shares reserved for issuance under the 2019 Equity Incentive Plan will automatically increase on January 1 of each year, for a period of not more than four years, commencing on January 1, 2020 and ending on (and including) January 1, 2023, by an amount equal to the lesser of (i) 5% of the total number of shares of common stock outstanding at the end of the prior fiscal year; and (ii) an amount determined by the board of directors or authorized committee. As of March 31, 2022, approximately 672,000 shares of common stock were reserved for future grants under the 2019 Equity Incentive Plan.

The following table summarizes the components of stock-based compensation expense in the consolidated statements of operations for the three months ended March 31, 2022 and 2021, respectively (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Research and development | $ 55 | $ 14 |
| General and administrative | 320 | 170 |
| Total stock-based compensation | $ 375 | $ 184 |

*Options to Purchase Shares of Common Stock*

The following table summarizes stock option activity of the Company for the three months ended March 31, 2022:

| | Total Number of Shares (In Thousands) | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (In Years) | Aggregate Intrinsic Value (In Thousands) |
|---|---|---|---|---|
| Outstanding at December 31, 2021 | 534 | $ 10.09 | 8.77 | $ 681 |
| Granted | 472 | 5.31 | | |
| Outstanding at March 31, 2022 | 1,006 | $ 7.85 | 9.14 | $ 1,540 |
| Options exercisable at March 31, 2022 | 214 | $ 14.43 | 8.27 | $ 500 |

The aggregate intrinsic values of outstanding and exercisable stock options at March 31, 2022 were calculated based on the closing price of the Company's common stock as reported on the Nasdaq Capital Market on March 31, 2022 of $6.68 per share. The aggregate intrinsic value equals the positive difference between the closing fair market value of the Company's common stock and the exercise price of the underlying stock options.

The Company uses the Black-Scholes option-pricing model to determine the fair value of all its stock options granted. The weighted average assumptions used during the nine months ended March 31, 2022 and 2021, respectively, were as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Risk free interest rate | 1.79 % | 1.03 % |
| Volatility | 130.43 % | 121.20 % |
| Expected lives (years) | 6.20 | 6.17 |
| Expected dividend yield | — % | — % |

The weighted-average grant date fair value of options granted during the three months ended March 31, 2022 and March 31, 2021 was $4.79 and $6.98, respectively.

The Company's expected common stock price volatility assumption is based upon the Company's own implied volatility in combination with the implied volatility of a basket of comparable companies. The expected life assumptions for employee grants were based upon the simplified method, which averages the contractual term of the Company's options of ten years with the average vesting term of four years for an average of approximately six years. The expected life assumptions for non-employees were based upon the contractual term of the option. The dividend yield assumption is zero because the Company has never paid cash dividends and presently has no intention to do so. The risk-free interest rate used for each grant was also based upon prevailing short-term interest rates. The Company accounts for forfeitures as they occur.

As of March 31, 2022, there was $4.0 million of unrecognized compensation cost related to outstanding stock options that is expected to be recognized as a component of the Company's operating expenses over a weighted-average period of 3.12 years.

*Time-vested RSUs and RSUs with Performance Conditions*

The following table summarizes RSU activity of the Company for the three months ended March 31, 2022:

| | Shares (In Thousands) | Weighted Average Grant Date Fair Value |
|---|---|---|
| Unvested at December 31, 2021 | 200 | $ 2.81 |
| Granted | 97 | $ 5.34 |
| Unvested at March 31, 2022 | 297 | $ 3.64 |

As of March 31, 2022, there was $1.0 million of unrecognized compensation cost related to outstanding RSUs that is expected to be recognized as a component of the Company's operating expenses over a weighted-average period of 2.76 years. No RSUs vested during the three months ended March 31, 2022.

*2021 Employee Stock Purchase Plan*

On April 22, 2021, the Board of Directors adopted the 2021 Employee Stock Purchase Plan ("2021 ESPP") which was approved by the Company's stockholders on June 8, 2021. The 2021 ESPP allows employees to contribute up to 20% of their cash earnings, subject to a maximum of $25,000 per year under Internal Revenue Service rules, to be used to purchase shares of the Company's common stock on semi-annual purchase dates. The 2021 ESPP allows eligible employees to purchase shares of common stock at a price per share equal to 85% of the lower of the fair market value of the common stock at the beginning or end of each six-month offering period during the term of the 2021 ESPP.

During the three months ended March 31, 2022, 10,362 shares of common stock were purchased by employees under the 2021 ESPP. There are currently 289,638 shares of common stock reserved for issuance under the 2021 ESPP as of March 31, 2022.

*2017 Employee Stock Purchase Plan*

The Company also has the 2017 Employee Stock Purchase Plan ("2017 ESPP"). As of March 31, 2022, the Board of Directors has not established the various parameters under the 2017 ESPP and no shares have been delivered under the 2017 ESPP. There are 14,302 shares of common stock reserved for issuance under the 2017 ESPP as of March 31, 2022.

## 12. Subsequent Events

The Company evaluated all events or transactions that occurred after March 31, 2022 up through the date these financial statements were issued. Other than as disclosed elsewhere in the notes to the consolidated financial statements, the Company did not have any material subsequent events.

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

*This management's discussion and analysis of financial condition as of March 31, 2022 and results of operations for the three months ended March 31, 2022 and 2021, respectively, should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the Securities and Exchange Commission, or SEC, on March 31, 2022, or our 2021 Annual Report, and our other public reports filed with the SEC.*

### Overview

We are a late-stage clinical biopharmaceutical company focused on the development of novel cancer therapies for a broad range of indications. Our product development candidates currently include galinpepimut-S, or GPS, and GFH009. We are pursuing an outlicensing strategy for a third product candidate, nelipepimut-S, or NPS.

*Galinpepimut-S, or GPS*

Our lead product candidate, GPS, is a cancer immunotherapeutic agent licensed from Memorial Sloan Kettering Cancer Center, or MSK, that targets the Wilms tumor 1, or WT1, protein, which is present in 20 or more cancer types. Based on its mechanism of action as a directly immunizing agent, GPS has potential as a monotherapy or in combination with other immunotherapeutic agents to address a broad spectrum of hematologic, or blood, cancers and solid tumor indications.

In January 2020, we commenced in the United States a Phase 3 clinical trial, the REGAL study, for GPS monotherapy in patients with acute myeloid leukemia, or AML, in the maintenance setting after achievement of second complete remission, or CR2, following successful completion of second-line antileukemic therapy. We expect this study will be used as the basis for submission of a Biologics License Application, or BLA, subject to a statistically significant and clinically meaningful data outcome and agreement with the U.S. Food & Drug Administration, or the FDA. We plan to enroll approximately 116 patients at up to approximately 85 clinical sites in the United States, Europe and Asia with a planned interim safety and futility analysis after 80 events (deaths). Under our current planning assumptions, which take into account our best estimates of potential delays due to COVID-19, we believe that we will complete enrollment for the REGAL study in late 2022 or early in the first quarter of 2023. Based upon these current assumptions with respect to completion of enrollment and the estimated survival times for both the treated and control groups in the study, we believe, after discussions with our external statisticians and experts, that the planned interim analysis after 80 events (deaths) per the protocol will occur by the end of the first half of 2023, provided that our statistical assumptions and assumptions regarding the impact of COVID-19 on the operations of our clinical sites as well as the duration of the pandemic remain unchanged. Because this analysis is event driven, it may occur at a different time than currently expected.

In December 2020, we entered into an exclusive license agreement with 3D Medicines Inc., or 3DMed, a China-based biopharmaceutical company developing next-generation immuno-oncology drugs, for the development and commercialization of GPS, as well as our next generation heptavalent immunotherapeutic GPS Plus, which is at preclinical stage, across all therapeutic and diagnostic uses in the Greater China territory (mainland China, Hong Kong, Macau and Taiwan). We have retained sole rights to GPS and GPS Plus outside of the Greater China area. On March 30, 2022, an investigational new drug, or IND, application filed by 3DMed to initiate the first clinical trial in China for 3D189, also known as GPS, was approved by China's National Medical Products Administration, or NMPA. The IND is for a small Phase 1 clinical trial investigating safety. The approval by the NMPA triggered a $1.0 million milestone payment to the Company which was received in the second quarter of 2022.

In December 2018, pursuant to a Clinical Trial Collaboration and Supply Agreement, we initiated a Phase 1/2 multi-arm "basket" type clinical study of GPS in combination with Merck & Co., Inc.'s, or Merck, anti-PD-1 therapy, Keytruda® (pembrolizumab). In 2020, we and Merck determined to focus on ovarian cancer (second or third line WT1+ relapsed or refractory metastatic ovarian cancer). We reported updated clinical and initial immune response data from this study in June 2021. In February 2022, we reported that we had completed enrollment of 17 evaluable patients in this study. Data from 15 of the 17 evaluable patients is expected to be examined by mid-2022, with final data analysis for all evaluable patients expected by the end of 2022.

In February 2020, we commenced a Phase 1 open-label investigator-sponsored clinical trial of GPS, in combination with Bristol-Myers Squibb's anti-PD-1 therapy, nivolumab (Opdivo®), in patients with malignant pleural mesothelioma, or MPM, who harbor relapsed or refractory disease after having received frontline standard of care multimodality therapy at MSK. In June 2021, we announced updated data from this study. Completion of enrollment of a target total of 10 evaluable patients is expected during the second half of 2022. We expect to report additional clinical and immune response data in the first half of 2022.

GPS was granted Orphan Drug Product Designations from the FDA, as well as Orphan Medicinal Product Designations from the European Medicines Agency, or EMA, for GPS in AML, MPM, and multiple myeloma, or MM, as well as Fast Track designation for AML, MPM, and MM from the FDA.

*GFH009*

On March 31, 2022, we entered into an exclusive license agreement with GenFleet Therapeutics (Shanghai), Inc., or GenFleet, a clinical-stage biotechnology company developing cutting-edge therapeutics in oncology and immunology, that grants rights to us for the development and commercialization of GFH009, a highly selective small molecule cyclin-dependent kinase 9, or CDK9, inhibitor, across all therapeutic and diagnostic uses worldwide outside of mainland China, Hong Kong, Macau and Taiwan.

CDK9 activity has been shown to correlate negatively with overall survival in a number of cancer types, including hematologic cancers, such as AML and lymphomas, as well as solid cancers, such as osteosarcoma, pediatric soft tissue sarcomas, and melanoma, and endometrial, lung, prostate, breast and ovarian cancer. As demonstrated in pre-clinical and clinical data, to date, GFH009's high selectivity has the potential to reduce toxicity as compared to older CDK9 inhibitors and other next-generation CDK9 inhibitors currently in clinical development.

GFH009 is currently in Phase 1 clinical trials in the United States and China. There are six dose levels in this dose-escalating trial of up to 80 patients (2.5 mg, 4.5 mg, 9 mg, 15 mg, 22.5 mg, and 30 mg) and the indications are relapsed/refractory AML, chronic lymphocytic leukemia, or CLL, small lymphocytic leukemia, or SLL, and lymphoma. The fifth dose level (22.5 mg) cohort of the study (in relapsed/refractory AML) began in early April 2022. GFH009 is administered twice a week in this study. The primary goal of the trial is to establish the maximum tolerated dose and to assess safety. We expect the trial to be completed by the end of 2022.

Following completion of the Phase 1 clinical trial and achievement of a maximum tolerated dose, we intend to commence a Phase 2 clinical trial of GFH009 in combination with venetoclax and azacitidine in AML patients. The current standard of care for the vast majority of AML patients, including older patients, is venetoclax in combination with a hypomethylating agent such as azacitidine. GFH009 has shown in preclinical models a strong synergy with venetoclax.

The goal of the Phase 2 clinical trial, which we expect to initiate by the end of the second quarter of 2023, would be to show improved efficacy of venetoclax and would include patients who are resistant to venetoclax. We also intend to commence a Phase 1/2 basket clinical trial of monotherapy GFH009 in pediatric soft tissue sarcomas including Ewing's sarcoma and rhabdomyosarcoma in late 2022 or early 2023 and complete by the end of 2023. We believe positive results from this program could provide the basis for a rare pediatric disease priority voucher.

*Nelipepimut-S or NPS*

Nelipepimut-S, or NPS, is a cancer immunotherapy that targets human epidermal growth factor receptor 2, or HER2, expressing cancers. We do not currently plan to conduct or fund a further development program for NPS and are seeking to out-license the asset.

## Impact of COVID-19

The ongoing global COVID-19 pandemic, including the surges of cases from the Delta and Omicron variants, continues to disrupt our business operations and those of our collaborators, including 3D Med and GenFleet, contractors, contract research organizations, or CROs, suppliers, clinical sites, contract manufacturing organizations, or CMOs, and other partners. The COVID-19 pandemic could affect the health and availability of our workforce and that of the third-parties we rely on, such as our CROs, clinical sites, CMOs, and other contractors as well as the governmental agencies, such as the FDA and health authorities in other countries which could delay or otherwise adversely impact the ability of such parties to fulfill their obligations. We have implemented a return-to-work policy in compliance with federal, state and local requirements and guidance, which provides for a hybrid of remote and in-office work. We are continuously monitoring the impact of the pandemic on our clinical development programs and on those of our partners, 3DMed and GenFleet. Our Phase 3 REGAL study is progressing, with the necessary work to activate additional sites in the United States, Europe and Asia continuing. However, since the onset of the COVID-19 pandemic, we have observed that, at certain times and in certain instances, clinical site initiations, patient screening and patient enrollment have been delayed. These delays are likely due to many reasons, which have been changing and evolving as the COVID-19 pandemic itself has evolved, including the prioritization of hospital resources towards the care of patients with COVID-19, delays in reviews and approvals by independent institutional review boards, or IRBs, and/or ethics committees at clinical sites, the challenges for clinicians and patients to comply with clinical trial protocols due to quarantines impeding patient movement or interrupting operations at sites, restrictions on travel and, most recently, inadequate staffing at clinical sites, supply chain-related delays, materials shortages and, most recently, lockdowns in China. Throughout the United States, Europe and Asia, newly initiated sites have taken longer than expected to become fully operational and begin enrolling patients. We are continuing to monitor each clinical site through our CROs as well as conducting direct outreach to investigators and study staff through site visits investigator meetings and other modes of communication. The full extent to which the COVID-19 pandemic will continue to directly or indirectly impact our business, results of operations and financial condition will depend on future developments that are highly uncertain, subject to change and cannot be predicted with confidence, including the duration of the outbreak, the continued availability and efficacy of vaccines, new information which may emerge concerning the severity of COVID-19, the emergence of new variants of COVID-19, and the actions to contain COVID-19 or treat its impact, including continuing or new lockdowns, among others.

## Components of Results of Operations

### *License Revenue*

License revenue consists of revenue recognized pursuant to our Exclusive License Agreement with 3DMed dated December 7, 2020, or the 3DMed License Agreement. In the future, we may generate revenue from a combination of reimbursements, up-front payments, milestone payments and royalties in connection with the 3DMed License Agreement.

### *Cost of License Revenue*

Cost of license revenue consists of sublicensing fees incurred under our license from MSK in connection with the 3DMed License Agreement.

### *Research and Development Expense*

Research and development expense consists of expenses incurred in connection with the discovery and development of our product candidates. We expense research and development costs as incurred. These expenses include:

- expenses incurred under agreements with CROs, as well as investigative sites and consultants that conduct our preclinical studies and clinical trials;
- manufacturing expenses;
- quality control and quality assurance services;
- outsourced professional scientific development services;
- employee-related expenses, which include salaries, benefits and stock-based compensation;
- payments made under our license agreements, under which we acquired certain intellectual property;
- expenses relating to certain regulatory activities, including filing fees paid to regulatory agencies;
- laboratory materials and supplies used to support our research activities; and
- allocated expenses, utilities and other facility-related costs.

The successful development of our current and future product candidates is highly uncertain. At this time, we cannot reasonably estimate or know the nature, timing and costs of the efforts that will be necessary to complete the remainder of the development of, or when, if ever, material net cash inflows may commence from any current or future product candidates. This uncertainty is due to the numerous risks and uncertainties associated with the duration and cost of our clinical trials, which vary significantly over the life of a project as a result of many factors, including, but not limited to:

- the number of clinical sites and participating countries included in the trials;
- the length of time required to enroll suitable patients;
- the number of patients that ultimately participate in the trials;
- the number of doses patients receive;
- the duration of patient follow-up;
- the results of clinical trials;
- the expenses associated with manufacturing;
- the receipt of marketing approvals;
- the commercialization of current and future product candidates; and
- the impact of the COVID-19 pandemic.

Research and development activities are central to our business model. Oncology product candidates in the later stages of clinical development generally have higher development costs than those in the earlier stages of clinical development, primarily due to the increased size and duration of the later-stage clinical trials. We expect our research and development expenses to increase for the foreseeable future as we conduct and complete our ongoing early and late stage clinical trials and initiate additional clinical trials.

Our expenditures are subject to additional uncertainties, including the terms and timing of regulatory approvals. We may never succeed in achieving regulatory approval for any of our current or future product candidates. We may obtain unexpected results from our clinical trials. We may elect to discontinue, delay or modify clinical trials of some product candidates or target indications or focus on others. A change in the outcome of any of these variables with respect to the development of a product candidate could mean a significant change in the costs and timing associated with the development of that product candidate. For example, if the FDA or other regulatory authorities were to require us to conduct clinical trials beyond those that we currently anticipate, or if we experience significant delays in enrollment in any of our clinical trials due to the COVID-19 pandemic or otherwise, we could be required to expend significant additional financial resources and time on the completion of clinical development.

### *Acquired In-Process Research and Development*

Acquired in-process research and development consists of costs to acquire or license product candidates from third-parties for development with no alternative future use.

### *General and Administrative Expense*

General and administrative expenses consist principally of salaries and related costs for personnel in executive, administrative, finance and legal functions, including stock-based compensation, travel expenses and recruiting expenses, fees for outside legal counsel, amortization of contract acquisition costs (commissions), and director and officer insurance premiums. Other general and administrative expenses include facility related costs, patent filing and prosecution costs, professional fees for business development, accounting, consulting, legal and tax-related services associated with maintaining compliance with our Nasdaq listing and SEC reporting requirements, investor relations costs, and other expenses associated with being a public company.

If and when we believe that regulatory approval of a product candidate appears likely, we anticipate that an increase in general and administrative expenses will occur as a result of our preparation for commercial operations, particularly as it relates to the sales and marketing of such product candidate. Oncology product commercialization may take several years and millions of dollars in development costs.

### *Non-Operating (Expense) Income, Net*

Non-operating (expense) income, net consists of changes in fair value of our warrant liability, changes in fair value of our contingent consideration, and interest income. Interest income primarily reflects interest earned from our cash and cash equivalents.

### *Critical Accounting Policies and Estimates*

In the 2021 Annual Report, we disclosed our critical accounting policies and estimates upon which our financial statements are derived. There have been no material changes to these policies since December 31, 2021 that are not included in Note 3 of the accompanying consolidated financial statements for the three months ended March 31, 2022. Readers are encouraged to read the 2021 Annual Report in conjunction with this Quarterly Report on Form 10-Q.

## Results of Operations for the Three and Nine Months Ended March 31, 2022 and 2021

The following table summarizes our results of operations for the three months ended March 31, 2022 and 2021 (in thousands):

| | Three Months Ended March 31, | | |
|---|---|---|---|
| | 2022 | 2021 | Change |
| Licensing revenue | $ 1,000 | $ 5,700 | $ (4,700) |
| Operating expenses: | | | |
| Cost of license revenue | 100 | 100 | — |
| Research and development | 4,611 | 4,284 | 327 |
| Acquired in-process research and development | 10,000 | — | 10,000 |
| General and administrative | 3,024 | 3,561 | (537) |
| Total operating expenses | 17,735 | 7,945 | 9,790 |
| Operating loss | (16,735) | (2,245) | (14,490) |
| Non-operating income (expense), net | (9) | (158) | 149 |
| Net loss | $ (16,744) | $ (2,403) | $ (14,341) |

Further analysis of the changes and trends in our operating results are discussed below.

### *Licensing Revenue*

Licensing revenue was $1.0 million for the three months ended March 31, 2022 and was related to China's NMPA approving an IND application for a small Phase I clinical trial investigating safety of GPS in China, which triggered a development milestone under the 3DMed License Agreement. Licensing revenue was $5.7 million for the three months ended March 31, 2021 and was related to the initial transaction price of $9.5 million under the 3DMed License Agreement, which was recognized over a period of time to satisfy the out-licensing of intellectual property rights and transfer of technical know-how.

### *Cost of License Revenue*

We incurred $0.1 million of sublicensing fees payable under our license from MSK in connection with the 3DMed License Agreement during the three months ended March 31, 2022 and 2021.

### *Research and Development*

Research and development expenses were $4.6 million for the three months ended March 31, 2022 compared to $4.3 million for the three months ended March 31, 2021. The $0.3 million increase was primarily attributable to a $1.3 million increase in clinical trial expenses primarily related to our ongoing Phase 3 REGAL clinical trial of GPS in AML and a $0.3 million increase in personnel related expenses due to increased headcount. These increases were partially offset by a $1.1 million decrease in manufacturing expenses due to the timing of the manufacturing of registration batches of GPS in the prior year and a $0.2 million decrease in other research and development expenses. We anticipate that our research and development expenses will increase in the future as we continue to advance the development of GPS and GFH009, including our Phase 3 clinical trial of GPS in AML, the ongoing basket trial of GPS in combination with pembrolizumab, and the ongoing Phase 1 clinical trial of GFH009.

### *Acquired In-Process Research and Development*

During the three months ended March 31, 2022, we recognized $10.0 million for the acquisition of in-process research and development related to the in-licensing of GFH009. There was no acquired in-process research and development during the three months ended March 31, 2021.

### *General and Administrative*

General and administrative expenses were $3.0 million for the three months ended March 31, 2022 compared to $3.6 million for the three months ended March 31, 2021. The $0.6 million decrease was primarily due to a $0.8 million decrease related to the amortization of contract asset costs associated with the 3DMed License Agreement in the prior year with no comparable expense in the current year and a $0.3 million decrease in professional service fees. These decreases were partially offset by a $0.4 million increase in personnel related expenses, including a $0.2 million increase in non-cash stock-based compensation, due to increased headcount and a $0.1 million increase in other general and administrative expenses.

### *Non-Operating Income (Expense), Net*

Non-operating income (expense), net for the three months ended March 31, 2022 and 2021, respectively, was as follows (in thousands):

| | Three Months Ended March 31, | | |
|---|---|---|---|
| | 2022 | 2021 | Change |
| Change in fair value of warrant liability | $ (11) | $ (31) | $ 20 |
| Change in fair value of contingent consideration | — | (129) | 129 |
| Interest income | 2 | 2 | — |
| Total non-operating income (expense), net | $ (9) | $ (158) | $ 149 |

Net non-operating expense was nominal for the three months ended March 31, 2022.

Net non-operating expense of $0.2 million during the three months ended March 31, 2021 was primarily due to the increase in the change in the fair value of the contingent consideration liability and a slight increase in the change in the fair value of the warrant liability partially offset by nominal interest income. The change in the fair value of contingent consideration liability reflects the interest component of contingent consideration related to the passage of time. The increase in the estimated fair value of our warrant liability was primarily due to an increase in our common stock price. Interest income consisted of interest earned from our cash and cash equivalents.

The change in fair value of warrant liability and change in fair value of contingent consideration are non-cash in nature.

### *Income Tax Expense*

There was no income tax expense for the three months ended March 31, 2022 and 2021. We continue to maintain a full valuation allowance against our net deferred tax assets.

## Liquidity and Capital Resources

We did not generate any revenue from product sales during the three months ended March 31, 2022 and 2021. Through March 31, 2022, the Company has only generated licensing revenue from the 3DMed License Agreement. Since inception, we have incurred net losses, used net cash in our operations, and have funded substantially all of our operations through proceeds of the sale of equity securities and convertible notes.

On April 5, 2022, we consummated an underwritten public offering, or the April 2022 Offering, issuing 4,629,630 shares of common stock and accompanying common stock warrants to purchase an aggregate of 4,629,630 shares of common stock. The shares of common stock and accompanying common stock warrants were sold at a combined price of $5.40 per share and accompanying common stock warrant. Each common stock warrant sold with the shares of common stock represents the right to purchase one share of our common stock at an exercise price of $5.40 per share. The common stock warrants are exercisable immediately and will expire on April 5, 2027, five years from the date of issuance. The net proceeds to us from the April 2022 Offering, after deducting the underwriting discounts and commissions and other offering expenses, and excluding the exercise of any warrants, were approximately $23.0 million.

On March 31, 2022, the Company announced that an IND application filed by 3DMed, pursuant to its Exclusive License Agreement for GPS, for a small Phase 1 clinical trial investigating safety of GPS in China was approved by China's NMPA. The IND approval by the NMPA triggered a $1.0 million milestone payment to the Company which was received subsequent to March 31, 2022. An additional $191.5 million in potential future development, regulatory, and sales milestones, not including future royalties, remains under the 3DMed License Agreement as of March 31, 2022, which milestones are variable in nature and not under the Company's control. The current clinical development plan provides for initiation of a Phase II clinical trial following receipt of satisfactory safety data from the Phase 1 clinical trial; the initiation of the Phase II clinical trial will also trigger a milestone payment to the Company which is expected in the second half of 2022, subject to any potential delays due to COVID-related lockdowns in China.

On April 16, 2021, we entered into a Controlled Equity Offering[SM] Sales Agreement, or the Sales Agreement, with Cantor Fitzgerald & Co., or the Agent. From time to time during the term of the Sales Agreement, we may offer and sell shares of our common stock having an aggregate offering price up to a total of $50.0 million in gross proceeds. The Agent will collect a fee equal to 3% of the gross sales price of all shares of common stock sold. Shares of common stock sold under the Sales Agreement are offered and sold pursuant to our registration statement on Form S-3, which was filed with the SEC on April 16, 2021 and declared effective on April 29, 2021. Under the Sales Agreement, we sold a total of 786,927 shares of common stock at an average price of $12.04 per share for aggregate net proceeds of approximately $9.0 million during the year ended December 31, 2021. There were no sales of shares of common stock under the Sales Agreement during the three months ended March 31, 2022. There remains approximately $40.5 million available for future sales of shares of common stock under the Sales Agreement. Other than the Sales Agreement, we currently do not have any commitments to obtain additional funds.

As of March 31, 2022, we had an accumulated deficit of $155.3 million, cash and cash equivalents of $14.3 million and restricted cash and cash equivalents of $0.1 million. In addition, we had current liabilities of $10.7 million as of March 31, 2022. We expect that our cash and cash equivalents, together with the net proceeds of approximately $23.0 million from the April 2022 Offering, will be sufficient to fund current planned operations for at least the next twelve months from the date of issuance of these financial statements, although we may pursue additional capital resources through public or private equity or debt financings or by establishing additional collaborations with other companies. Our expectations with respect to our ability to fund current planned operations is based on estimates that are subject to risks and uncertainties. If actual results are different from management's estimates, we may need to seek additional strategic or financing opportunities sooner than would otherwise be expected. There is no guarantee that any of these strategic or financing opportunities will be executed or executed on favorable terms, and some could be dilutive to existing stockholders. If we are unable to obtain additional funding on a timely basis, we may be forced to significantly curtail, delay, or discontinue one or more of our planned research and development programs or be unable to expand our operations or otherwise prepare for the potential regulatory approval and commercialization of our product candidates, assuming positive data.

Our future operations are highly dependent on a combination of factors, including (i) the timely and successful completion of any additional financings, (ii) our ability to complete revenue-generating partnerships with pharmaceutical and biotechnology companies, (iii) the success of our research and development activities, (iv) the development of competitive therapies by other biotechnology and pharmaceutical companies, and, ultimately, (v) regulatory approval and market acceptance of our proposed future products.

### *Cash Flows*

The following table summarizes our cash flows from operating and financing activities for the three months ended March 31, 2022 and 2021 (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Net cash (used in) provided by: | | |
| Operating activities | $ (7,150) | $ (10,269) |
| Financing activities | 47 | 3,000 |
| Net decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents | $ (7,103) | $ (7,269) |

We had no investing activities during the three months ended March 31, 2022 and 2021.

### *Net Cash Used in Operating Activities*

Net cash used in operating activities of $7.2 million during the three months ended March 31, 2022 was primarily attributable to our net loss of $16.7 million and the net change in our operating assets and liabilities of approximately $0.9 million, which were partially offset by various net non-cash charges of $10.4 million. The net change in our operating assets and liabilities of $0.9 million is primarily attributable to an increase in accounts receivable under the 3DMed License Agreement for $1.0 million and an increase in prepaid expenses and other current assets of $0.6 million, which were partially offset by an increase in accounts payable of $0.7 million. Net non-cash charges were driven by $10.0 million in expense related to the acquired in-process research and development and $0.4 million in non-cash stock compensation expense.

Net cash used in operating activities of $10.3 million during the three months ended March 31, 2021 was primarily attributable to a $9.1 million change in our operating assets and liabilities and our net loss of $2.4 million, which was offset by various net non-cash charges of $1.2 million. The net change in our operating assets and liabilities of $9.1 million is primarily attributable to a decrease in deferred revenue of $4.7 million and one-time payments totaling $1.4 million for contract acquisition costs related to the out-licensing of intellectual property rights and transfer of technical know-how associated with the 3DMed License Agreement, a $2.7 million increase in prepaid expenses and other assets primarily for prepaid insurance premiums and clinical trial costs and a $0.3 million decrease in accounts payable and accrued expenses and other current liabilities.

### *Net Cash Provided by Financing Activities*

We generated $0.1 million in net cash from financing activities during the three months ended March 31, 2022 from the purchase of shares of common stock by employees under the Company's 2021 Employee Stock Purchase Plan.

We generated $3.0 million of net cash from financing activities for the three months ended March 31, 2021 from the exercise of warrants to acquire shares of common stock.

## Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet financing arrangements as of March 31, 2022.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, our principal executive officer and our principal financial officer (the "Certifying Officer"), evaluated the effectiveness of our disclosure controls and procedures. Disclosure controls and procedures are controls and procedures designed to reasonably assure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 (the "Exchange Act"), such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms. Disclosure controls and procedures are also designed to reasonably assure that such information is accumulated and communicated to our management, including the Certifying Officers, as appropriate to allow timely decisions regarding required disclosure. Based on these evaluations, the Certifying Officers have concluded, that, as of the end of the period covered by this Quarterly Report on Form 10-Q:

(a) our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act was recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and

(b) our disclosure controls and procedures were effective to provide reasonable assurance that material information required to be disclosed by us in the reports we file or submit under the Exchange Act was accumulated and communicated to our management, including the Certifying Officers, as appropriate to allow timely decisions regarding required disclosure.

### Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

Please refer to Note 7 (Commitments and Contingencies) to our consolidated financial statements contained in Part I, Item 1 (Financial Statements) of this Quarterly Report on Form 10-Q, which is incorporated into this item by reference.

### ITEM 1A. RISK FACTORS

Please refer to our note on forward-looking statements on page 2 of this Quarterly Report on Form 10-Q, which is incorporated into this item by reference.

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in our 2021 Annual Report. The risks described in such 2021 Annual Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition, operating results and stock price.

**Risks related to our dependence on third parties and our license agreements**

***We rely on a license agreement with GenFleet for the development of GFH009, and if this license is breached or otherwise terminated, we could lose the ability to continue the development and potential commercialization of GFH009.***

We have entered into a license agreement with GenFleet under which we have an exclusive license to develop and commercialize GFH009 worldwide, other than in mainland China, Hong Kong, Macau and Taiwan. Under the license agreement, we are subject to various obligations, including diligence obligations with respect to development and commercialization activities, payment obligations upon achievement of certain milestones, and royalties on annual net sales (if the product candidate is ultimately commercialized), as well as other material obligations. If there is any conflict, dispute, disagreement, or issue of nonperformance between us and GenFleet regarding our rights or obligations under the license agreement, including any such conflict, dispute, or disagreement arising from our failure to satisfy diligence or payment obligations under the license agreement, we may be liable to pay damages and GenFleet may have a right to terminate the license. The loss of the license agreement could prevent us from developing, commercializing, or entering into future strategic transactions relating to GFH009.

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

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

None.

## ITEM 6. EXHIBITS

| Exhibit # | Description | Form | Exhibit | Filing Date |
|---|---|---|---|---|
| 3.1 | Composite Amended and Restated Certificate of Incorporation of the Registrant (formerly, Galena Biopharma, Inc.) amended as of December 27, 2017 | 10-K | 3.1 | April 13, 2018 |
| 3.2 | Amended and Restated By-Laws of the Registrant | 8-K | 3.3 | January 5, 2018 |
| 10.1 | License Agreement effective as of March 31, 2022 by and between SELLAS Life Sciences Group, Inc. and GenFleet Therapeutics (Shanghai) Inc.** | | | May 12, 2022 |
| 31.1 | Certification of Principal Executive Officer pursuant to Rule13a-14(a) and Rule 15d-14(a) of the Securities and Exchange Act, as amended.** | | | |
| 31.2 | Certification of Principal Financial Officer pursuant to Rule13a-14(a) and Rule 15d-14(a) of the Securities and Exchange Act, as amended.** | | | |
| 32.1 | Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *** | | | |
| 101.INS | XBRL Instance Document.* | | | |
| 101.SCH | XBRL Taxonomy Extension Schema.* | | | |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase.* | | | |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase.* | | | |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase.* | | | |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase.* | | | |

* Indicates management contract or compensatory plans or arrangements.

** Filed herewith

*** The certification attached as Exhibit 32.1 accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed “filed” by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing of the registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**SIGNATURES**

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

**SELLAS Life Sciences Group, Inc.**

By: */s/ Angelos M. Stergiou*

Angelos M. Stergiou, MD, ScD h.c.
President and Chief Executive Officer

Date: May 12, 2022

***CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE SELLAS LIFE SCIENCES GROUP, INC. HAS DETERMINED THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO SELLAS LIFE SCIENCES GROUP, INC. IF PUBLICLY DISCLOSED.***

**LICENSE AGREEMENT**

THIS LICENSE AGREEMENT ("**Agreement**") is made effective as of the 31st day of March, 2022 (the "**Effective Date**"), by and between SELLAS Life Sciences Group, Inc., a Delaware corporation with a principal place of business at Times Square Tower, 7 Times Square, Suite 2503, New York, NY, 10036, United States ("**Sellas**") and GenFleet Therapeutics (Shanghai) Inc., a corporation organized and existing under the laws of China with offices at 1206 Zhangjiang Road, Suite A, Shanghai, China ("**GenFleet**"). Sellas and GenFleet may, from time-to-time, be individually referred to as a "**Party**" and collectively referred to as the "**Parties**".

NOW, THEREFORE, in consideration of the mutual agreements and covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties, intending to be legally bound hereby, agree to the foregoing and as follows:

1. **DEFINITIONS**.

**1.1** "**Affiliate**" means, as of any point in time and continuing for so long as such relationship continues to exist with respect to a Party, any Person that controls, is controlled by, or is under common control with that Party. A Person shall be regarded as "controlling" another Person if it (a) owns or controls at least fifty percent (50%) of the equity securities of the subject Person entitled to vote in the election of directors or (b) possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of any such Person (whether through ownership of securities or other ownership interests, by contract or otherwise); provided, however, that where an entity owns a majority of the voting power necessary to elect a majority of the board of directors or other governing board of another entity, but is restricted from electing such majority by contract or otherwise, such entity will not be considered to be in control of such other entity until such time as such restrictions are no longer in effect.

**1.2** "**Applicable Law**" means any applicable law, statute, rule, regulation, Order, judgment, or ordinance of any Governmental Authority.

**1.3** "**Business Day**" means any day other than a Saturday, a Sunday, or a day on which commercial banks located in New York, New York and Shanghai are authorized or required by Applicable Law to remain closed.

**1.4** "**Calendar Quarter**" means the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30, and December 31; provided, that: (a) the first Calendar Quarter of the Term shall extend from the Effective Date to the end of the first complete such three (3)-month period thereafter; and (b) the final Calendar Quarter of the Term shall end on the last day of the Term.

**1.5** "**Calendar Year**" means each calendar year.

**1.6** "**Claims**" means collectively, any and all demands, claims, lawsuits, actions, and proceedings (whether criminal or civil, in contract, tort, or otherwise) brought by any Third Party alleging or claiming losses, damages, liabilities, costs, or expenses (including reasonable attorneys' fees).

**1.7** "**Clinical Failure**" means any of the following: (i) receipt of a written order by a Regulatory Authority to cease development in a clinical trial in one or more Indications of the Product; or

(ii) the Product(s) have failed to achieve the primary efficacy endpoints based upon an applicable final or interim study report.

**1.8** "**CMO**" means a contract manufacturing organization.

**1.9** "**Combination Product**" means a product: (a) formulated with one or more Compounds and one or more Other Active Ingredients; or (b) a product containing one or more Compounds that is packaged with another pharmaceutical product containing one or more Other Active Ingredients, where such products are sold together as a single product and invoiced as one product.

**1.10** "**Commercialize**" or "**Commercialization**" means to market, promote, distribute, offer for sale, sell, have sold, import, have imported, export, have exported, or otherwise commercialize a Compound or Product. When used as a noun, "Commercialization" means any and all activities involved in Commercializing.

**1.11** "**Commercially Reasonable Efforts**" means, with respect to the Development or Commercialization of a Compound or Product, that level of efforts and resources commonly dedicated by a similarly-situated company in the research-based biotechnology industry to the development or commercialization, as the case may be, of a compound or product of similar commercial potential at a similar stage in its lifecycle, in each case taking into account issues of safety and efficacy, product profile, the proprietary position, the then-current competitive environment for such product and the likely timing of such products entry into the market, the regulatory environment and the status of such product, and other relevant scientific, technical, and commercial factors. Where Sellas has an obligation to use Commercially Reasonable Efforts, the efforts of Sellas and its Affiliates, subcontractors, and sublicensees shall be considered in determining whether Sellas has satisfied such obligation.

**1.12** "**Completion of Phase I Trial**" means the establishing of the [***] in Sellas' ongoing Phase I Clinical Trial.

**1.13** "**Compound"** means (a) GFH009, (b) any back-up molecule or intermediary relating to GFH009, (c) any other compound covered by the Licensed Patent Rights, and (d) any Forms of each of the foregoing that are covered, generically or specifically, by any Licensed Patent Right, or that are generated, identified or developed from, or through the use of, any Licensed Technology.

**1.14** "**Control**" or "**Controlled**" means, with respect to any Intellectual Property Rights or other rights to provide data or other information, the legal authority or right (whether by ownership, license or otherwise) of a Party to grant a license or a sublicense of or under such Intellectual Property Rights to the other Party or provide such data or other information to such other Party without breaching the terms of any agreement with a Third Party.

**1.15** "**CRO**" means a contract research organization.

**1.16** "**Develop**" or "**Development**" means to conduct any and all research and development activities necessary to obtain, maintain or expand Regulatory Approval.

**1.17** "**Diligence Milestone Event**" means all events identified as milestone events in Section 4.3.4.

**1.18** "**Drug Approval Application**" means a NDA, Biologics License Application as defined in the FD&C Act, a marketing authorization application submitted to EMA, or similar application or submission filed with a Regulatory Authority in a country or group of countries to obtain Regulatory Approval for a pharmaceutical or biologic product in that country or group of countries, including any amendment thereof.

**1.19** "**EMA**" means the European Medicines Agency and any successor Governmental Authority having substantially the same function.

**1.20** "**Exploit**" or "**Exploitation**" means to Develop, Manufacture or Commercialize, or to otherwise make, use, offer to sell, sell or import, a Compound or Product.

**1.21** "**FDA**" means the United States Food and Drug Administration, or a successor Governmental Authority thereto.

**1.22** "**FD&C Act**" means the United States Federal Food, Drug and Cosmetic Act, as amended from time-to-time, together with any rules, regulations, and requirements promulgated thereunder (including all additions, supplements, extensions, and modifications thereto).

**1.23** "**Field**" means the treatment, diagnosis, or prevention of disease in humans and animals.

**1.24** "**First Commercial Sale**" means the first sale of the Product by Sellas or any of Sellas' Affiliates or Sublicensees to a Third Party in a country in the Territory following receipt of Regulatory Approval for such Product in such country; provided, that, the following shall not constitute a First Commercial Sale: (a) any sale to an Affiliate or Sublicensee, (b) any sale, disposition or transfer for use of the Product in clinical trials or for development activities outside of the conduct of clinical trials, or (c) supplying the Product for a bona fide charitable purpose, compassionate use, or samples if no financial consideration is received for such supply.

**1.25** "**Form**" or "**Forms**" means, any and any and all salts, stereoisomers, isomers, racemates, tautomers, polymorphs, complexes, chelates, crystalline and amorphous forms, prodrugs, solvates (including hydrates), enantiomers, metabolites and metabolic precursors (whether active or inactive), free acids, free bases, clathrates, anhydrides, esters, conformers, congeners, homologs, isotopic or radiolabeled equivalents, conjugates, and mixtures of any of the foregoing.

**1.26** "**GAAP**" means United States generally accepted accounting principles or an alternative international generally accepted standard of accounting principles used by Sellas, including International Reporting Financial Standards, in each case consistently applied.

**1.27** "**Generic Product**" means, with respect to a particular Product in a country, any pharmaceutical product that (a) is sold by a Third Party that is not an Affiliate or Sublicensee of Sellas under a marketing authorization granted by a Regulatory Authority to a Third Party, (b) contains the same Compound as the Product and (c) for purposes of the United States, is approved in reliance on a prior Regulatory Approval of such Product granted to Sellas or a Sellas Affiliate or Sublicensee by the FDA or, for purposes of a country outside the United States, is approved in reliance on a prior Regulatory Approval of such Product granted to Sellas or a Sellas Affiliate or Sublicensee by any applicable Regulatory Authority.

**1.28** "**GFH009**" means the compound described in Schedule 1.28.

**1.29** "**Governmental Authority**" means any court, agency, department, authority or other instrumentality of any national, state, county, city or other political subdivision.

**1.30** "**IND**" means: (a) an investigational new drug application (including any amendment or supplement thereto) filed with the FDA for authorization for the investigation of a/the Product, and (b) any of the foreign equivalents of the application described in (a), as filed with the applicable Regulatory Authorities in other countries or regulatory jurisdictions in the Territory, as applicable.

**1.31** "**Indication**" means, with respect to a Product, a separate and distinct disease or medical condition in humans that such Product is intended to treat, prevent, diagnose, monitor or ameliorate, as

set forth or expected to be set forth in the NDA or label for such Product. The Parties agree and acknowledge that (a) a disease or medical condition and all primary symptoms associated with the disease or medical condition shall be the same Indication, (b) the use of a Product to treat an expanded set of patients or a sub-population of patients for a disease or medical condition, when such Product has already received Regulatory Approval in a different patient population or sub-population of patients with respect to such disease or medical condition, shall not constitute a separate Indication with respect to such Product, and (c) to qualify as an Indication, Regulatory Approval of such Indication must require completion of a human clinical trial sufficient to obtain Regulatory Approval and may not be an extension of an existing labeled Indication.

**1.32** "**Intellectual Property Rights**" means all trade secrets, copyrights, Patent Rights, trademarks, moral rights, Know-How, and any and all other intellectual property or proprietary rights now known or hereafter recognized in any jurisdiction.

**1.33** "**Know-How**" means any proprietary invention, discovery, development, data, information, process, method, technique, or other know-how, whether or not patentable.

**1.34** "**Licensed Know-How**" means all Know-How (a) Controlled by GenFleet and its Affiliates as of the Effective Date or during the Term, and (b) necessary or reasonably useful for the Exploitation of Compounds and Products.

**1.35** "**Licensed Patent Rights**" means all Patent Rights, including those listed on Schedule 1.35, (a) Controlled by GenFleet and its Affiliates as of the Effective Date or during the Term, and (b) necessary or reasonably useful for the Exploitation of Compounds and Products.

**1.36** "**Licensed Technology**" means, collectively, the Licensed Patent Rights and Licensed Know-How.

**1.37** "**Manufacture**" or "**Manufacturing**" means to make, produce, manufacture, process, fill, finish, package, label, perform quality assurance testing, release, ship, or store a Compound or Product or any component thereof. When used as a noun, "**Manufacture**" or "**Manufacturing**" means any and all activities involved in Manufacturing a Compound or Product or any component thereof.

**1.38** "**Milestone Payments**" means, collectively, Initial Milestone Payments, Development Milestone Payments, and Sales Milestone Payments.

**1.39** "**NDA**" means, with respect to a pharmaceutical product, a New Drug Application submitted to the FDA in accordance with the United States Federal Food, Drug and Cosmetic Act, as amended, and the rules and regulations promulgated thereunder (including any amendment or supplement thereto), or any analogous application or submission with any Regulatory Authority outside of the United States.

**1.40** "**Net Sales**" means, with respect to all Products sold in the Territory to Third Parties by Sellas, its Affiliates and Sublicensees, the gross receipts from such sales, less in each case [***]

Notwithstanding the foregoing, Net Sales shall not be imputed to transfers of Products for use in any clinical trial or non-clinical development activities, for bona fide charitable purposes or for compassionate or other similar use, or for reasonable and customary quantities of samples.

**1.41** "**Order**" means any writ, judgment, order, decree, injunction, decision, verdict, award or ruling or other binding obligation of, or settlement or other similar agreement with, any Governmental Authority.

**1.42** "**Other Active Ingredient**" means a therapeutically active ingredient, other than a Compound.

**1.43** **"Other Product**" means a product containing an Other Active Ingredient.

**1.44** "**Patent Rights**" means any and all (i) issued patents, (ii) pending patent applications, including all provisional applications, divisions, continuations, substitutions, continuations-in-part, and renewals, and all patents granted thereon, (iii) patents-of-addition, re-examinations, reissues and extensions or restorations by existing or future extension or restoration mechanisms, including patent term adjustments, patent term extensions, supplementary protection certificates or the equivalent thereof, (iv) inventor's certificates, (v) other forms of government-issued rights substantially similar to any of the foregoing, and (vi) United States and foreign counterparts of any of the foregoing.

**1.45** "**Person**" means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, pool, syndicate, sole proprietorship, unincorporated organization, governmental authority, or any other form of entity not specifically listed herein.

**1.46** "**Phase I Clinical Trial**" means a human clinical trial in any country that would satisfy the requirements of 21 CFR 312.21(a) (or any amended or successor regulations) or that satisfies the requirements of similar laws or regulations outside the United States.

**1.47** "**Phase II Clinical Trial**" means a human clinical trial that satisfies the requirements for a Phase 2 study as defined in 21 CFR § 312.21(b) (or any amended or successor regulations) or that satisfies the requirements of similar laws or regulations outside the United States.

**1.48** "**Phase III Clinical Trial**" means a pivotal clinical trial with a defined dose or a set of defined doses of a pharmaceutical product designed to ascertain efficacy and safety of such product, in a manner that is generally consistent with 21 CFR § 312.21(c), as amended (or its successor regulation), or that satisfies the requirements of similar laws or regulations outside the United States.

**1.49** "**Pricing Approval**" means any approval, agreement, determination, or decision establishing prices that can be charged to consumers for a pharmaceutical product or that will be reimbursed by Regulatory Authorities or other payers for the Product, in each case, in a country where Regulatory Authorities approve or determine pricing for pharmaceutical products for reimbursement or otherwise.

**1.50** "**Product**" means a product that (a) incorporates or includes a Compound, (alone or as a Combination Product), including all methods, forms, presentations, dosage strengths, dosage forms, and formulations of such Compound; and (b) is directed to the Target.

**1.51** "**Registrational Study**" means, with respect to a Product, either (a) a Phase III Clinical Trial or (ii) a Phase II Clinical Trial that, at the time of commencement, is expected to be the basis for initial Regulatory Approval of such Product.

**1.52** "**Regulatory Approval**" means, with respect to the Product in any country or jurisdiction, any approval, registration, license or authorization that is required by the applicable Regulatory Authority to market and sell the Product in such country or jurisdiction, including any Pricing Approvals, schedule classifications, pre- and post-approval marketing authorizations (including any prerequisite manufacturing approval or authorization related thereto), and labeling approvals.

**1.53** "**Regulatory Authority**" means any Governmental Authority responsible for granting Regulatory Approvals for the Product in the Territory.

**1.54** "**Regulatory Filings**" means, with respect to the Product, any submission to a Regulatory Authority of any appropriate regulatory application, including, without limitation, any IND, NDA, any submission to a regulatory advisory board, any application for Regulatory Approval, and any supplement or amendment thereto.

**1.55** "**Royalty Term**" means, with respect to each Product in each country in the Territory, the period commencing on the First Commercial Sale of such Product in such country and expiring upon the later of: (a) ten (10) years following the date of First Commercial Sale of the Product in such country, or (b) the date upon which the manufacture, use, sale, offer for sale, or importation of such Product in such country would no longer infringe, but for the license granted herein, a Valid Claim of a Licensed Patent Right.

**1.56** "**RP2D**" means [***].

**1.57** **"Sublicensee**" means any Third Party that is a party to Sublicense Agreement.

**1.58** "**Sublicense Agreement**" means any agreement by and between Sellas and a Third Party pursuant to which Sellas grants such Third Party a sublicense under the Licensed Technology pursuant to Section 2.2.

**1.59** "**Successful Outcome**" means, [***].

**1.60** "**Target**" means CDK9.

**1.61** "**Territory**" means all countries and territories in the world *except* the Greater Area of China, which means mainland China, the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and Taiwan.

**1.62** "**Third Party**" means any Person other than a Party or an Affiliate of a Party.

**1.63** "**Valid Claim**" means with respect to a particular country, a claim of a Patent Right within the Licensed Patent Rights that (a) with respect to an issued and unexpired patent, (i) has not been held permanently revoked, unenforceable or invalid by a decision of a court or other governmental authority of competent jurisdiction, which decision is unappealed or unappealable within the time allowed for appeal and (ii) has not expired or been cancelled, withdrawn, abandoned, disclaimed or admitted to be invalid or unenforceable through reissue, disclaimer or otherwise and (b) with respect to a pending patent application, has not been (1) pending for more than the greater of seven (7) years since (A) its earliest claimed priority date or (B) the date of the first response on the merits received from the relevant patent office regarding such application or (2) abandoned or finally disallowed without the possibility of appeal or refiling of such application.

**1.64** **Additional Definitions**. In addition, each of the following definitions shall have the respective meanings set forth in the Section of this Agreement indicated below:

| | | | |
|---|---|---|---|
| Accounting Firm | *6.2* | Impasse | *4.3.5* |
| Agreement | *Preamble* | Joint Steering Committee | *4.2* |
| Alliance Managers | *4.2.4* | JSC | *4.2* |
| Arbitrator | *4.3.5* | Parties | *Preamble* |
| CDA | *17.12.1* | Party | *Preamble* |
| Clinical Data | *4.4* | Patent Term Extension | *7.2.5* |
| Confidential Information | *9.1* | Recipients | *9.2* |
| Development Milestone | *5.2* | Relevant Records | *6.1* |
| Development Milestone Payment | *5.2* | Review Period | *14.3* |
| Development Plan | *4.3.1* | Royalties | *5.4.1* |
| Diligence Milestone Event 1 | *4.3.4* | Sales Milestone | *5.3* |
| Dispute | *16.1* | Sales Milestone Payment | *5.3* |
| Draft Deadline | *4.3.55* | Sellas | *Preamble* |
| Effective Date | *Preamble* | Sellas Indemnitees | *11.2* |
| Election Notice | *7.2.3* | Tax Action | *5.7.3* |
| Fees | *6.1* | Term | *13.1* |
| GenFleet | *Preamble* | Third Party Infringement | *8.1* |
| GenFleet Indemnitees | *11.1* | Third Party Licenses | *5.4.2* |
| Global JSC | *4.2* | VAT | *5.7.1* |

**1.65 Interpretation**. Except where the context expressly requires otherwise, (a) the use of any gender herein shall be deemed to encompass references to either or both genders, and the use of the singular shall be deemed to include the plural (and vice versa), (b) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", (c) the word "will" shall be construed to have the same meaning and effect as the word "shall", (d) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (e) any reference herein to any Person shall be construed to include the Person's successors and assigns, (f) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (g) all references herein to Sections or Schedules shall be construed to refer to Sections or Schedules of this Agreement, and references to this Agreement include all Schedules hereto, (h) the word "notice" means notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement, (i) provisions that require that a Party, the Parties or any committee hereunder "agree," "consent" or "approve" or the like shall require that such agreement, consent or approval be specific and in writing, whether by written agreement, letter, approved minutes or otherwise (but excluding e-mail and instant messaging), (j) references to any specific law, rule or regulation, or article, section or other division thereof, shall be deemed to include the then-current amendments thereto or any replacement or successor law, rule or regulation thereof, and (k) the term "or" shall be interpreted in the inclusive sense commonly associated with the term "and/or."

## 2. LICENSE GRANT

**2.1 License Grant**. GenFleet hereby grants to Sellas an exclusive (even as to GenFleet), sublicensable (subject to Section 2.2), royalty-bearing right and license under the Licensed Technology to

use, have used, Develop, have Developed, Manufacture, have Manufactured, Commercialize, have Commercialized and otherwise Exploit Compounds and Products in the Field within the Territory.

**2.2 Sublicense Rights**. Sellas may sublicense the rights granted to it by GenFleet under this Agreement, through multiple tiers, to any Third Party. Any and all Sublicenses shall be subject to the following requirements:

**2.2.1** All sublicenses shall be consistent with the terms and conditions of this Agreement.

**2.2.2** Sellas shall furnish to GenFleet a true and complete copy of each Sublicense Agreement and each amendment thereto, in each case which may be reasonably redacted to remove information not relevant to this Agreement), within [***] after the sublicense or amendment has been executed.

**2.2.3** In no event shall any such sublicense relieve Sellas of any of its obligations under this Agreement.

Agreements with CMOs and CMOs are not considered sublicenses for purposes of this Section 2.2.

**2.3 No Additional Rights**. Nothing in this Agreement shall be construed to confer any rights upon either Party by implication, estoppel, or otherwise as to any technology or Intellectual Property Rights of such Party or its Affiliates other than the rights in Licensed Technology expressly granted by GenFleet to Sellas herein.

**3. TRANSFER ACTIVITIES.**

**3.1** Exhibit A sets forth the documentation and materials that GenFleet will transfer to Sellas hereunder, and the related activities to be performed by the Parties in connection with such transfer.

**3.2 Follow-Up Period**.

**3.2.1** Following the Effective Date (i) if Sellas learns of any documents or materials that fall within the scope of Exhibit A but were inadvertently omitted from Exhibit A, or were not transferred to Sellas by GenFleet, then upon Sellas' request to the GenFleet's Transfer Liaison, GenFleet shall use reasonable efforts to promptly provide such documents or materials to Sellas, and (ii) to the extent that GenFleet learns of any documents or materials that fall within the scope of Exhibit A but were inadvertently omitted from Exhibit A or not transferred to Sellas by GenFleet, then GenFleet shall promptly provide such documents or materials to Sellas.

**3.2.2** Sellas may request that GenFleet provide additional document(s) directly related to the Compounds, including their Development, Manufacture and Commercialization, or the Licensed Patent Rights or Licensed Know-How. Sellas' request to receive such additional document(s) shall be in writing, shall identify with specificity the document(s) that Sellas would like GenFleet to provide, and shall be delivered to the GenFleet's Transfer Liaison. Following receipt of Sellas' written request for the additional document(s), GenFleet will provide such additional document(s).

**3.2.3** Promptly upon receipt of Sellas' written request, GenFleet will use commercially reasonable efforts to introduce Sellas to, and to facilitate Sellas' communication with, [***].

**4. GOVERNANCE; DEVELOPMENT; COMMERCIALIZATION; MANUFACTURING**.

**4.1 General**. Sellas shall have sole responsibility for the cost and expense of, and the sole authority over and control of, the Development, Manufacture, Regulatory Approval, and Commercialization of the Compounds and Products in the Field in the Territory.

**4.2 Joint Steering Committee**. The Parties will establish a joint steering committee to review and oversee the Development and Commercialization of the Compounds and Products in the Field in the Territory and to coordinate the Parties' activities under this Agreement (the "**Joint Steering Committee**" or "**JSC**"). The purpose of the JSC is only for the exchange of information and discussion. The JSC has no decision-making authority, and may not amend or waive the terms of this Agreement. For the avoidance of doubt, Sellas has final decision-making authority for all matters relating to the Development and Commercialization of the Compounds and Products in the Territory. Within [***] after the Effective Date, each Party shall appoint two (2) representatives to the JSC, each of whom shall have sufficient seniority and relevant expertise to make decisions within the scope of the JSC's responsibilities. The JSC may change its size from time to time by mutual consent of the Parties; provided, that the JSC will consist at all times of an equal number of representatives of each of GenFleet and Sellas. Each Party may at any time replace its JSC representatives upon written notice to the other Party. For the avoidance of doubt, nothing in this Agreement shall prohibit Sellas from establishing a separate global steering committee with respect to the global Development of the Compounds and Products (the "**Global JSC**"), and if Sellas forms a Global JSC, Sellas will invite representatives of GenFleet to participate in such Global JSC.

**4.2.1** Each of Sellas and GenFleet will select from their representatives a co-chairperson for the JSC, and each Party may change its designated co-chairperson from time to time upon written notice to the other Party. The co-chairpersons of the JSC will be responsible, with the assistance of the Alliance Managers (as defined below), for calling meetings, preparing and circulating an agenda and relevant materials (including drafts of, updates to, or any proposed changes to the Development Plan) to the other Party at least [***] in advance of each meeting, and preparing and issuing minutes of each meeting within [***] thereafter. The co-chairpersons of the JSC shall be responsible for executing the final agreed version of the minutes from each meeting of the JSC.

**4.2.2** The JSC shall be responsible for: (a) coordinating the activities of the Parties under this Agreement and providing a forum to facilitate communications between the Parties under this Agreement; (b) reviewing and discussing the Development Plan and any updates and changes thereto; (c) reviewing and discussing the Development and Commercialization of the Compounds and Products in the Field in the Territory, including any regulatory activities; and (d) discussing and exchanging relevant information relating to the Development, manufacture and Commercialization activities for the Compounds and Products undertaken by GenFleet and its Affiliates and licensees outside the Territory to the extent relevant to the Development, manufacture and Commercialization of the Compounds and Products in the Field in the Territory.

**4.2.3** The JSC will hold meetings on a [***] basis at such times as the co-chairpersons may reasonably determine. Unless otherwise agreed to by the Parties, at least [***] each Calendar Year shall be held in person at a mutually agreed upon location and the other JSC meeting shall be held by teleconference, videoconference or other similar or mutually acceptable electronic means. Each Party will bear its own costs associated with attending meetings of the JSC. Each Party may from time to time invite a reasonable number of participants (including translators), in addition to its representatives, to attend the JSC meetings in a non-voting capacity. Each individual attending any JSC meeting hereunder (whether as a JSC member or invitee) shall be bound by written non-use and non-disclosure terms and conditions at least as restrictive as those set forth in this Agreement with respect to the Confidential Information of the other Party (for clarity, this may be through employment, confidentiality, invention assignment or similar agreements with such individuals). All materials to be discussed at a JSC meeting must be sent to the Parties at least [***] prior to such meeting.

**4.2.4** Each Party shall appoint a single English-speaking individual to act as the primary point of contact between the Parties in connection with the Development, manufacture and Commercialization of the Compounds and Products in the Field in the Territory (the "**Alliance Managers**"). Each Party may at any time appoint a different Alliance Manager by written notice to the

other Party and may elect, upon mutual agreement by the Parties, to eliminate the responsibilities of the Alliance Managers. The Alliance Managers will (a) attend all meetings of the JSC, and (b) be the first point of referral for all matters of conflict resolution, and bring disputes to the attention of the JSC in a timely manner.

**4.3 Diligence**.

**4.3.1** Sellas shall use Commercially Reasonable Efforts to Develop the Compound pursuant to a development plan (the "**Development Plan**") which will include projected timelines for the achievement of the following milestones: (a) initiation of the first [***] in the Territory for a Product; (b) initiation of the first [***] in the Territory for a Product; and (c) the submission of [***] following a [***].

**4.3.2** Sellas will deliver the initial Development Plan to GenFleet within [***] of the Effective Date. Not later than [***] after December 31 of each Calendar Year during the Term, when Development of a Product in the Field in the Territory is ongoing, Sellas shall provide to GenFleet an updated Development Plan for the pending Calendar Year. Such update shall take into account completion, commencement, changes in or cessation of Development activities not contemplated by the then-current Development Plan to reflect the continued diligence of Sellas and its Sublicensees.

**4.3.3** Sellas shall itself or through its Sublicensees use Commercially Reasonable Efforts to (a) Develop and seek Regulatory Approval for a Product in the United States, and (b) Commercialize Products following Regulatory Approval in the Territory.

**4.3.4** The Parties further agree that the Development Plan shall be consistent with the diligence milestone events set forth in this Section 4.3.4 (each a "**Diligence Milestone Event**") and Sellas shall complete each Diligence Milestone Event (either itself or through a Sublicensee) prior to or upon each respective deadline subject to any extension provided for in this Section 4.3.4 (each, as extended, a "**Milestone Deadline**"):

| Diligence Milestone Event | Deadline |
|---|---|
| First [***] for a Product in the Territory ("**Diligence Milestone Event 1**") | [***] following [***] for such Product |
| First [***] for a Product in the Territory | [***] following Diligence Milestone Event 1 for such Product |
| Submission of NDA for [***] | [***] following the [***] for such Product |

[***]

If Sellas fails to meet the deadline for a Diligence Milestone Event (whether the original deadline, or as extended pursuant to the process set forth above, or as determined in accordance with Section 4.3.5, as applicable), then GenFleet may treat such failure as a material breach which has not been cured in accordance with Section 13.2.1 and GenFleet is entitled to terminate this Agreement pursuant to Section 13.2.1.

**4.3.5** If the Parties cannot reach agreement on the Impasse before [***] prior to the original deadline, then Sellas may, in its sole discretion, submit the matter to binding arbitration for resolution before the original deadline as set forth below.

(a) If Sellas elects to submit the Impasse to binding arbitration, each Party will first (a) prepare a draft of its proposed deadline, which deadline shall be not earlier than [***] after the original deadline (each a "**Draft Deadline**") and (b) submit its Draft Deadline to the other Party within [***] following the date of Sellas notice of election of arbitration. Within [***] following the last Party's submission

of its Draft Deadline to the other Party, the Parties will meet and determine whether they agree to enter into either Party's Draft Deadline, or a modified version thereof, as the revised deadline.

(b) If the Parties are unable to agree on the selection of a Draft Deadline (or a modified version thereof), the determination of the revised deadline will be resolved by final and binding arbitration before an independent Third Party arbitrator chosen by the Parties (the "**Arbitrator**"). The Arbitrator shall have at least ten (10) years of subject matter expertise with respect to regulatory matters in the U.S. pharmaceutical industry. If the Parties are unable to agree on an Arbitrator within [***] of failing to agree on a Draft Deadline (or a modified version thereof), then the Parties will request that one be appointed for them by the American Arbitration Association.

(c) Within [***] following the appointment of the Arbitrator, each Party will submit its Draft Deadline to the Arbitrator, as well as any supporting materials. For clarity, the Draft Deadline submitted to the Arbitrator by each Party must be identical to the Draft Deadline previously submitted to the other Party above. The Arbitrator will be instructed to select one of the Parties' Draft Deadlines within [***] following the receipt of the latter of such Draft Deadlines and to select the Draft Deadline that it determines contains the most fair deadline. The Arbitrator will agree to comply with such [***] before accepting appointment. The authority of the Arbitrator will be limited to selecting only one or the other of the Draft Deadlines submitted by the Parties. The selection by the Arbitrator of one Party's Draft Deadline will be binding and conclusive upon both Parties and their Affiliates, and such Draft Deadline will be the applicable deadline.

**4.3.6** Each Party will bear its own costs and expenses (including legal fees and expenses) relating to the arbitration proceeding, except that the fees of the Arbitrator and other related costs of the arbitration will be shared equally by the Parties, unless the Arbitrator determines that a Party has incurred unreasonable expenses due to vexatious or bad faith positions taken by the other Party, in which event the Arbitrator may make an award of all or any portion of such expenses (including reasonable legal fees) so incurred.

**4.4 Data Exchange**. Each Party shall, on an ongoing basis, promptly (and no later than [***] following generation thereof) disclose to the other Party all clinical data Controlled by such Party in connection with its development of the Compound (including where the Compound is included within any drug substance or drug product) ("**Clinical Data**"). Each Party owns all right, title and interest in and to its Clinical Data, which constitutes its Confidential Information. GenFleet's Clinical Data shall be included within the Licensed Know-How. Sellas hereby grants to GenFleet a nonexclusive, non-transferable, non-sublicensable license to use Sellas' Clinical Data in GenFleet's development of the Compound outside of the Territory.

**4.5 Regulatory Filings**. In connection with its efforts to Develop the Product, Sellas shall bear all responsibility and expense for submitting Regulatory Filings and obtaining Regulatory Approval for the Product in the Territory.

**4.6 Right of Reference**. Each Party hereby grants to the other Party the right of reference to all Regulatory Filings pertaining to the Compound submitted by or on behalf of such Party or its Affiliates. Sellas may use such right of reference for the purpose of seeking, obtaining and maintaining Regulatory Approval for the Compound and Products in the Field in the Territory, and GenFleet may use such right of reference solely for the purpose of seeking, obtaining and maintaining Regulatory Approval of the Compound outside of the Territory. Each Party shall bear its own costs and expenses associated with providing the other Party with the right of reference and sharing of data and information pursuant to this

Section 4.6. Each Party will take such actions as may be reasonably requested by the other Party to give effect to the intent of this Section 4.6 and to give the other Party the benefit of the rights of reference to the granting Party's Regulatory Filings in the other Party's territory as provided herein.

**4.7 Pharmacovigilance**. Within [***] following the Effective Date, the Parties shall enter into a pharmacovigilance agreement for Products that sets forth the responsibilities of each Party with respect to pharmacovigilance matters in the Territory.

**4.8 Supply**. The Parties will enter into a written supply agreement and corresponding quality agreement within [***] of the Effective Date under which GenFleet will manufacture and supply the Compound and/or the Product(s) to Sellas as necessary to meet Sellas' needs. GenFleet will supply such Compound and/or Product(s) at cost for use in connection with Sellas' Development activities. Provided that the Compound passes all Chemistry Manufacture and Control requirements of the FDA and EMA, GenFleet will supply the Compound to Sellas [***] for use in connection with Sellas' Commercial activities.

**5. PAYMENT TERMS**.

**5.1 Initial Payment**. In consideration of the license and rights granted to Sellas hereunder, and for GenFleet's performance of its obligations under Section 3.1 or Exhibit A, Sellas shall pay to GenFleet a non-refundable, and non-creditable initial payment of Ten Million Dollars (USD $10,000,000), payable as follows:

| | | |
|---|---|---|
| 1 | 30 days following the Effective Date | Four Million Five Hundred Thousand Dollars ($4,500,000) |
| 2 | Upon the first day of the fifteenth ($15^{th}$) calendar month following the Effective Date | Five Million Five Hundred Thousand Dollars (USD $5,500,000) |

; *provided, however*, that Sellas is not obligated to make payment 2 above to GenFleet if GenFleet has not, by the corresponding date of payment 2, fulfilled all of its obligations in Section 3.1 and in Exhibit A.

**5.2 Development Milestone Payments**. In consideration of the license and rights granted to Sellas hereunder, Sellas shall pay to GenFleet the amounts set forth below within [***] following the first occurrence of each event described below (each event, a "**Development Milestone**" and each payment, a "**Development Milestone Payment**").

| DEVELOPMENT MILESTONE | DEVELOPMENT MILESTONE PAYMENT |
|---|---|
| (1) [***] | $[***] |
| (2) [***] | $[***] |
| (3) [***] | $[***] |
| (4) [***] | $[***] |
| (5) [***] | $[***] |
| (6) [***] | $[***] |
| (7) [***] | $[***] |

For the avoidance of doubt: (i) each Development Milestone Payment shall be payable only once upon achievement of the applicable Development Milestone for the corresponding Product; and (ii) satisfaction of a Development Milestone by a Sublicensee or assignee of, or Third Party retained by, Sellas or its Affiliates shall be deemed to have been satisfied by Sellas for purposes of this Section 5.2.

**5.3 Sales Milestone Payments**. In consideration of the license and rights granted to Sellas hereunder, Sellas shall pay to GenFleet the following one-time payments when the aggregate Net Sales of all Products in a Calendar Year in the Territory first reach the respective thresholds indicated below (each event, a "**Sales Milestone**" and each payment, a "**Sales Milestone Payment**"); provided, that, if the aggregate Net Sales in a Calendar Year result in more than one of the below thresholds being exceeded, then all milestones with exceeded thresholds would be due for such Calendar Year.

| | SALES MILESTONE<br>Net Sales Threshold Triggering Sales Milestone | SALES MILESTONE PAYMENT |
|---|---|---|
| 1 | First time aggregate Net Sales of Products in a Calendar Year reach $[***] | $[***] |
| 2 | First time aggregate Net Sales of Products in a Calendar Year reach $[***] | $[***] |
| 3 | First time aggregate Net Sales of Products in a Calendar Year reach $[***] | $[***] |
| 4 | First time aggregate Net Sales of Products in a Calendar Year reach $[***] | $[***] |
| 5 | First time aggregate Net Sales of Products in a Calendar Year reach $[***] | $[***] |
| 6 | First time aggregate Net Sales of Products in a Calendar Year reach $[***] | $[***] |

Sellas shall pay each Sales Milestone Payment within [***] after the end of the applicable Calendar Quarter in which aggregate or cumulative Net Sales reach the applicable threshold.

**5.4 Royalty Payments**.

**5.4.1 Royalty Payments**. In consideration of the license and rights granted to Sellas hereunder, Sellas shall pay to GenFleet non-refundable, non-creditable royalties at royalty rates equal to the Marginal Royalty Rates (set forth below) on the aggregate Net Sales resulting from the sale of Products, on a Product-by-Product basis, in the Territory during each Calendar Year (collectively, "**Royalties**").

| NET SALES | MARGINAL ROYALTY RATE |
|---|---|
| Annual Net Sales of Products in a Calendar Year above $0 and up to and including $[***] | [***]% |
| Annual Net Sales of Products in a Calendar Year above $ [***] and up to and including $ [***] | [***]% |
| Annual Net Sales of Products in a Calendar Year above $ [***] and up to and including $ [***] | [***]% |
| Annual Net Sales of Products in a Calendar Year above $ [***] and up to and including $ [***] | [***]% |
| Annual Net Sales of Products in a Calendar Year above $[***] | [***]% |

Each Marginal Royalty Rate set forth in the table above shall apply only to that portion of the Net Sales of each Product in the Territory during a given Calendar Year that falls within the indicated range. Sellas shall pay to GenFleet the applicable Royalties within [***] following the expiration of each Calendar Quarter after the date of the First Commercial Sale. Royalties will be payable on a Product-by-Product and country-by-country basis during the Royalty Term for such Product in each country until the expiration

of the Royalty Term for such Product in such country. All Royalty payments shall be accompanied by a report that includes reasonably detailed information regarding a total [***] sales calculation of Net Sales of Product (including all deductions) and all Royalties payable to GenFleet for the applicable Calendar Quarter (including any foreign exchange rates employed).

**5.4.2 Third Party Patent Rights**. If Sellas obtains a license under, or other rights to, Intellectual Property Rights from any Third Party(ies) because (i) such Intellectual Property Rights from any Third Party(ies) are necessary and useful to the improvement of the Exploitation of Compounds or Product(s) (or any components of Product(s)), or (ii) the manufacture, use, sale, offer for sale, or importation of Product(s) in such country would infringe a Valid Claim of a Third Party's Patent Right ("**Third Party Licenses**"), then [***] paid under such Third Party Licenses by Sellas or its Affiliates or Sublicensees in connection with the Exploiting of Product(s) for a Calendar Quarter shall be creditable against the royalty payments due to GenFleet by Sellas with respect to the sale of Products in such Calendar Quarter, provided that Sellas shall deliver a written notice to GenFleet before obtaining such Third Party Licenses; *provided further, however*, that the royalty rate payable in such Calendar Quarter shall in no case be less than [***].

**5.4.3 Generic Entry**. For Net Sales based on sales of a Product in a country in the Territory, any payments owed with respect to such Product pursuant to this Section 5.4 shall be reduced by [***] (but the royalty rate itself may not be reduced to less than [***]), if at any time a Generic Product is available in such country and such Generic Product(s) have, in the aggregate, achieved [***] of the market share in such country by unit volume of combined unit sales of all Products and all Generic Products based on data provided by IQVIA, or if such data are not available, such other reliable data source as reasonably agreed by the Parties.

**5.4.4 Expiration of Valid Claims and Exclusivity**. If, on a country-by-country and Product-by-Product basis, the manufacture, use, sale, offer for sale, or importation of such Product in such country would no longer infringe, but for the license granted herein, a Valid Claim of a Licensed Patent Right, then the royalty rate applicable to such Product during the Royalty Term shall be reduced by [***].

**5.4.5 Minimum Royalty Rate and Carry-Forward**. In no event would the aggregate royalty reductions described in subsections 5.5.2, 5.4.3 and 5.4.4 result in the total royalty payable to GenFleet being less than [***] of the royalty that would be payable without such royalty rate reductions. If Sellas is not able to take the full royalty reductions under subsections 5.5.2, 5.4.3 and/or 5.4.4 as a result of the foregoing restriction, then Sellas may carry over and apply any such royalty reductions which accrue in a given Calendar Quarter but are not deducted in such Calendar Quarter to any subsequent Calendar Quarter(s) and continue applying such reduction on a Calendar Quarter basis thereafter until fully utilized. For the avoidance of doubt, Sellas Royalty payments to GenFleet, including any Royalty payments that include any carry over, would not be less than [***] of the royalty that would be payable without such royalty rate reductions, in such corresponding Calendar Quarter.

**5.5 Currency**. Any payments under this Article 5 that are recorded in currencies other than the U.S. Dollar shall be converted into U.S. Dollars at the average of the daily foreign exchange rates published in the Wall Street Journal (or any other qualified source that is reasonably acceptable to both Parties) for the Calendar Quarter in which such payments or expenses occurred, or for periods less than a Calendar Quarter, the average of the daily rates published in the Wall Street Journal for such period.

**5.6 Method of Payment**. All payments from Sellas to GenFleet shall be made by wire transfer via immediately available funds in U.S. dollars to credit the bank account set forth below or such other bank account as designated by GenFleet in writing to Sellas at least [***] before payment is due. Any payment which falls due on a date which is not a Business Day may be made on the next succeeding Business Day.

| | |
|---|---|
| Bank Name: | [***] |
| Bank Country: | [***] |
| Bank Address: | [***] |
| Bank Account Number: | [***] |

**5.7 Taxes**.

**5.7.1 VAT**. It is understood and agreed between the Parties that any payments made under this Agreement by Sellas are exclusive of any value added or similar tax ("**VAT**"), which shall be added thereon as applicable. The Parties further acknowledge and agree that no payment under this Agreement is expected to result in the payment of VAT, and that if either Party becomes aware that it is required to charge or account for VAT in respect of any payment hereunder, it shall promptly notify the other Party with full details of the basis for such VAT, whereupon the Parties shall discuss in good faith the possibility of mitigating any such VAT.

**5.7.2 Withholding Taxes**. In the event any payments made by Sellas to GenFleet pursuant to this Agreement become subject to withholding taxes under the laws or regulation of any jurisdiction, Sellas shall deduct and withhold the amount of such taxes for the account of GenFleet to the extent required by Applicable Law and such amounts payable to GenFleet shall be reduced by the amount of taxes deducted and withheld, which shall be treated as paid to GenFleet in accordance with this Agreement. To the extent that Sellas is required to deduct and withhold taxes on any payments under this Agreement, Sellas shall pay the amounts of such taxes to the proper governmental authority and transmit to the payee an official tax certificate or other evidence of such withholding sufficient to enable GenFleet to claim such payments of taxes. GenFleet shall provide any tax forms to Sellas that may be reasonably necessary in order for Sellas not to withhold tax or to withhold tax at a reduced rate under an applicable bilateral income tax treaty. Each Party shall provide the other with reasonable assistance to enable the recovery, as permitted by Applicable Law, of withholding taxes, VAT, or similar obligations resulting from payments made under this Agreement, such recovery to be for the benefit of the Party bearing such withholding tax or VAT.

**5.7.3 Tax Actions**. Notwithstanding anything in this Agreement to the contrary, if an action, including but not limited to any assignment or sublicense of its rights or obligations under this Agreement, or any failure to comply with Applicable Law or filing or record retention requirements (a "Tax Action") by a Party leads to the imposition of withholding tax liability or VAT on the other Party that would not have been imposed in the absence of a Tax Action or in an increase in such liability above the liability that would have been imposed in the absence of such Tax Action, then (i) the sum payable by the Party that caused the Tax Action (in respect of which such deduction or withholding is required to be made) shall be increased to the extent necessary to ensure that the other Party receives a sum equal to the sum which it would have received had no Tax Action occurred and (ii) the sum payable by the Party that caused a Tax Action (in respect of which such deduction or withholding is required to be made) shall be made to the other Party after deduction of the amount required to be so deducted or withheld, which deducted or withheld amount shall be remitted in accordance with Applicable Law. For the avoidance of doubt, a Party shall only be liable for increased payments pursuant to this Section 5.7.3 to the extent such Party engaged in a Tax Action that created or increased a withholding tax or VAT on the other Party.

**5.7.4 Cooperation**. The Parties agree to cooperate and produce on a timely basis any tax forms or reports, including the applicable form from the IRS Form W-8 series of forms, reasonably requested by the other Party in connection with any payment made by Sellas to GenFleet under this Agreement.

**6. RECORDS; AUDIT RIGHTS**.

**6.1 Relevant Records**. Sellas shall maintain accurate financial books and records pertaining to sales of the Product by Sellas, its Affiliates or Sublicensees (collectively, "**Relevant Records**"), including calculations of the amounts payable by Sellas to GenFleet under Article 5 (collectively, "**Fees**"). Sellas shall maintain the Relevant Records for the longer of: (a) the period of time required by Applicable Law, or (b) [***] following the end of the Calendar Year to which they pertain.

**6.2 Audit Request**. GenFleet shall have the right during the term of this Agreement and for [***] thereafter to engage, at its own expense, an independent certified public accountant of United States recognized standing reasonably acceptable to Sellas ("**Accounting Firm**") to examine the Relevant Records from time-to-time, but no more frequently than [***] every [***], as may be necessary to verify compliance with the terms of this Agreement. Such audit shall be requested in writing at least [***] in advance, and shall be conducted during Sellas' normal business hours and otherwise in a manner that minimizes any interference to Sellas' business operations. No period may be audited more than once, and the Accounting Firm will be required to execute Sellas' nondisclosure agreement which shall be in accordance with industry standards prior to conducting its review. Upon completion of an audit under this Agreement, the Accounting Firm will be instructed to simultaneously provide both GenFleet and Sellas with the same written report disclosing any discrepancies in the reports submitted by Sellas, and, in each case, the specific details concerning any discrepancies.

**6.3 Audit Fees and Expenses**. GenFleet shall bear any and all fees and expenses it may incur in connection with any such audit of the Relevant Records; *provided*, *however*, in the event an audit reveals an underpayment by Sellas of more than [***] as to the period subject to the audit, Sellas shall reimburse GenFleet for any reasonable and documented out-of-pocket costs and expenses of the audit within [***] after receiving correct invoices thereof.

**6.4 Payment of Deficiency**. If any audit establishes that Sellas underpaid any amounts due to GenFleet under this Agreement, then Sellas shall pay GenFleet any such deficiency within [***] after receipt of written notice thereof. If any audit establishes that Sellas overpaid any amounts due to GenFleet under this Agreement, then Sellas may offset all such excess payments against any future amounts payable by Sellas to GenFleet under this Agreement until Sellas has received full credit for all such overpayments (and GenFleet will pay Sellas for any remaining overpayment upon the effective date of termination of this Agreement).

## 7. INTELLECTUAL PROPERTY RIGHTS.

**7.1 Ownership**. Each Party shall retain all rights, title and interests in and to any Intellectual Property Rights that are owned, licensed or sublicensed by such Party prior to or independent of this Agreement. Ownership of Patent Rights created or developed under this Agreement after the Effective Date and during the Term will be based on inventorship, with inventorship being determined according to the principles of United States patent law.

**7.2 Patent Prosecution**.

**7.2.1 Patent Prosecution and Maintenance**. Subject to GenFleet's rights set forth in Section 7.2.3 below, and immediately upon GenFleet's transfer of the documentation related to the Licensed Patent Rights in accordance with Exhibit A, Sellas will be responsible for filing, prosecuting (including in connection with any reexaminations, reissues, derivations, inter partes proceedings, oppositions and the like) and maintaining in the Territory the Licensed Patent Rights in GenFleet's name at Sellas' own cost and expense. Before each material submission is filed with a patent office, Sellas will provide GenFleet a reasonable opportunity to review and comment on such submission and reasonably consider any comments provided by GenFleet to Sellas. Sellas will keep GenFleet reasonably informed of the status of the Licensed Patent Rights by timely providing GenFleet copies of significant communications relating to such Licensed Patent Rights that are received from any patent office or patent counsel of record or foreign associate. As between the Parties, Sellas shall have the first right, but not

the obligation, to control the defense of any action or claim relating to the Licensed Patent Rights in the Territory (including declaratory judgment), in which case Sellas will invoice GenFleet for up to [***] of amounts incurred by Sellas in undertaking such defense activities, and GenFleet will pay such invoices within [***] of receipt.

**7.2.2 Assistance**. As reasonably requested by Sellas in writing, GenFleet shall reasonably cooperate in a timely manner, at Sellas' expense, in (i) the preparation, prosecution, and maintenance of the Licensed Patent Rights, and (ii) obtaining patent term restoration (under, but not limited to, the Drug Price Competition and Patent Term Restoration Act), supplementary protection certificates or their equivalents, and patent term extensions with respect to the Licensed Patent Rights in the Territory. Such cooperation shall include (a) executing all papers and instruments or requiring its employees or contractors to execute such papers to effectuate the ownership and rights, including Patent Right extensions, supplementary protection certificates and the like, under this Agreement; (b) assisting in any license registration processes applicable to a particular Governmental Authority; and (c) promptly informing Sellas of any matters coming to GenFleet's attention that may materially affect the preparation, filing, prosecution, or maintenance of any such Licensed Patent Rights in the Territory.

**7.2.3 Failure to Prosecute or Maintain**. In the event Sellas elects to forgo filing, prosecution or maintenance of any of the Licensed Patent Rights, Sellas shall provide GenFleet written notice of such election not less than [***] prior to any related filing or payment due date, or any other related due date that requires action ("**Election Notice**"). Upon receipt of an Election Notice, GenFleet shall be entitled, upon written notice to Sellas, at its sole discretion and expense, to file or to continue the prosecution or maintenance of such Licensed Patent Right in such country in GenFleet's name using counsel of its own choice and at its own expense.

**7.2.4 Listing in Orange Book**. Sellas shall have the right, in its sole discretion, to make all filings with Regulatory Authorities in the Territory for each Product in the FDA's Orange Book, and under any similar or equivalent laws in other countries or jurisdictions; provided, that, the Parties shall collaborate in good faith to determine whether any Licensed Patent Rights are required to be included in any such intended filings. Prior to making such filing, Sellas shall notify GenFleet of any such filing and, at GenFleet's request, discuss in good faith any issues or comments GenFleet may have with respect to such filing and Sellas shall take into consideration GenFleet's reasonable comments.

**7.2.5 Patent Term Extensions**. Sellas shall have the first right to make decisions regarding patent term extensions, including supplementary protection certificates, patent linkages and any other extensions that are now or in the future become available, wherever applicable (each, a "**Patent Term Extension**"), for the Licensed Patent Rights in any country or other jurisdiction within the Territory in connection with the Products. Prior to selecting any such Licensed Patent Rights for a Patent Term Extension, Sellas shall notify GenFleet of any such selection and, at GenFleet's request, discuss in good faith any issues or comments GenFleet may have with respect to the selection of such Licensed Patent Rights and Sellas shall take into consideration GenFleet's comments. Sellas shall have the responsibility of applying for any Patent Term Extension with respect to such Licensed Patent Rights and the Products in the Territory. As reasonably requested by Sellas in writing, GenFleet shall reasonably cooperate, at Sellas' sole cost and expense, in obtaining such Patent Term Extension. Sellas agrees to execute and deliver such further authorizations and instruments at least [***] in advance of submission to provide GenFleet with reasonable comment rights and Sellas agrees to take into consideration such further actions as may be reasonably requested by GenFleet to implement the foregoing. If Sellas does not exercise its rights to file any Patent Term Extensions on any Licensed Patent Right in the Territory, GenFleet shall have the right, on a country-by-country basis to file a Patent Term Extension for such Licensed Patent Rights at GenFleet's sole expense; *provided, however*, that, GenFleet shall not have such right in a country if such filing by GenFleet would preclude Sellas from filing a Patent Term Extension for another Licensed Patent Right of Sellas' choosing in such country. If GenFleet files for and is granted a Patent Term extension, upon such granting, the corresponding Licensed Patent Rights in the corresponding country shall be included in the Licensed Patent Rights.

**8. INFRINGEMENT; MISAPPROPRIATION**.

**8.1 Notification**. Each Party will promptly notify the other Party in writing upon becoming aware of any (i) actual or threatened infringement, misappropriation or other violation by a Third Party of any Licensed Technology in the Field and in the Territory of which it becomes aware, including the filing of an Abbreviated New Drug Application under Section 505(j) of the FD&C Act or an application under Section 505(b)(2) of the FD&C Act naming a Product as a reference listed drug and including a certification under Section 505(j)(2)(A)(vii)(IV) or 505(b)(2)(A)(IV), respectively or (ii) declaratory judgment action against any Licensed Patent Right, if any, in the Territory in connection with any infringement described in clause (i) (any of (i) or (ii) constituting a ("**Third Party Infringement**").

**8.2 Infringement Action**.

**8.2.1 Right of First Enforcement**.

(a) Sellas shall have the first right (but not the obligation), at its own expense, to control enforcement of the Licensed Patent Rights against any Third Party Infringement within the scope of its exclusive license (i.e., within the Territory and in the Field) and may name GenFleet as a party for standing purposes. Prior to commencing any such action, Sellas shall reasonably consult with GenFleet and Sellas shall give due consideration to GenFleet's recommendations regarding the proposed action. Sellas shall give GenFleet timely notice of any proposed settlement of any such action instituted by Sellas and shall not, without the prior written consent of GenFleet, enter into any settlement that (i) would give rise to liability of GenFleet or its Affiliates; or (ii) otherwise admit invalidity or unenforceability of the Licensed Patent Rights. GenFleet shall reasonably cooperate in a timely manner in any enforcement of the Licensed Patent Rights against any Third Party.

(b) For any action to enforce any infringement of the Licensed Patent Rights against a Third Party in the Territory, if Sellas is unable, as a matter of law, to initiate or prosecute such action solely in its own name, GenFleet will join such action voluntarily and will execute and cause its Affiliates to execute all documents necessary for Sellas to prosecute and maintain such action under this Section 8.2.1.

(c) If Sellas does not, with respect to its first right of enforcement under Section 8.2.1(a), obtain agreement from the alleged infringer to desist or fails or refuses to initiate an infringement action by the earlier of (i) [***] following Sellas' receipt of notice of the alleged infringement, or (ii) [***] before the expiration date for filing such actions, then GenFleet shall have the right, at its sole discretion, to control such enforcement of the Licensed Patent Rights at its sole expense.

**8.2.2 Recoveries**. Any recoveries resulting from an action relating to a claim of Third Party Infringement shall first be applied to reimburse each Party's costs and expenses incurred in connection therewith. Any remaining recoveries shall be retained by (or if received by GenFleet, paid to) Sellas, and to the extent such recoveries are attributable by the court to loss of sales of Products, then such recoveries shall be applied to Net Sales in the Calendar Year in which it is received by Sellas for the purposes of paying Royalties, but shall not contribute to Sales Milestone Payments under Section 5.3. If Sellas fails to institute an action or proceeding and GenFleet exercises its right to prosecute such infringement pursuant to Section 8.2.1(b), any remaining recoveries shall be retained by GenFleet.

**9. CONFIDENTIALITY**.

**9.1 Definition**. "**Confidential Information**" of a Party means the existence, terms and provisions of this Agreement and all other proprietary information and data of a financial, commercial or technical nature that the disclosing Party or any of its Affiliates has supplied or otherwise made available to the other Party or its Affiliates, which are disclosed in writing or, if disclosed orally or visually,

summarized in writing and provided to the receiving Party after disclosure. Confidential Information shall not include information that: (a) is, at the time of disclosure or becomes, after the time of disclosure, known to the public or part of the public domain through no breach of this Agreement by the receiving Party or any Recipients to whom it disclosed such information; (b) was known to, or was otherwise in the possession of, the receiving Party prior to the time of disclosure by the disclosing Party; (c) is disclosed to the receiving Party on a non-confidential basis by a Third Party who is entitled to disclose it without breaching any confidentiality obligation to the disclosing Party; or (d) is independently developed by or on behalf of the receiving Party or any of its Affiliates, as evidenced by its written records, without use or access to the Confidential Information.

**9.2 Obligations**. The receiving Party will (a) protect all Confidential Information against unauthorized disclosure to Third Parties with the same degree of care as the receiving Party uses for its own similar information, but in no event less than a reasonable degree of care and (b) not use such Confidential Information for any purpose except those permitted under this Agreement. The receiving Party may disclose the Confidential Information to its Affiliates, and to its and their respective directors, officers, employees, current and prospective subcontractors, (and including, for Sellas, current and prospective sublicensees and subcontractors), actual or potential assignees, actual or potential acquirers, actual or potential financing sources, consultants, attorneys, accountants, banks, insurers, and investors (collectively, "**Recipients**") who have a need to know such information for purposes related to this Agreement or, with respect to acquirers, any applicable acquisition, or with respect to investors or financing sources, any applicable investment or financing; provided, that, the receiving Party shall hold such Recipients to written obligations of confidentiality with terms and conditions at least as restrictive as those set forth in this Agreement. All obligations of confidentiality under this Agreement shall survive expiration or termination of this Agreement for a period of [***].

**9.3 Exceptions**.

**9.3.1 Disclosure Required by Law**. The restrictions set forth in this Section 9 shall not apply to any Confidential Information that the receiving Party is required to disclose under Applicable Laws, including the rules of any recognized stock exchange or any Order; provided, that, the receiving Party: (a) provides the disclosing Party with prompt notice of such disclosure requirement if legally permitted, (b) affords the disclosing Party an opportunity to oppose, limit or secure confidential treatment for such required disclosure and (c) if the disclosing Party is unsuccessful in its efforts pursuant to subsection (b), discloses only that portion of the Confidential Information that the receiving Party is legally required to disclose, as advised by the receiving Party's legal counsel. Sellas may file this Agreement with any recognized stock exchange provided that Sellas shall seek confidential treatment, opposition, or limitations of any portion of this Agreement as may be reasonably requested by GenFleet.

**9.4 Right to Injunctive Relief**. Each Party agrees that breaches of this Section 9 may cause irreparable harm to the other Party and shall entitle the other Party, in addition to any other remedies available to it (subject to the terms of this Agreement), the right to seek injunctive relief enjoining such action or a threatened breach, without posting a bond or proving monetary damages.

**9.5 Ongoing Obligation for Confidentiality**. Upon expiration or termination of this Agreement, the receiving Party shall, and shall cause its Recipients to, destroy or return (as requested by the disclosing Party) any Confidential Information of the disclosing Party, except that the receiving Party (a) may retain a reasonable number of archival copies of Confidential Information for the sole purpose of ascertaining its rights and responsibilities in respect of such information (b) shall not be required to destroy any computer files stored securely by the receiving Party that are created by automatic system back up, and (c) shall not be required to destroy or return the other Party's Confidential Information that is necessary to practice a license that continues after expiration or termination of this Agreement.

**10. REPRESENTATIONS, WARRANTIES AND COVENANTS**.

**10.1 Representations and Warranties by Each Party**. Each Party represents and warrants to the other Party as of the Effective Date that:

**10.1.1** it is a corporation duly organized, validly existing, and in good standing under the laws of its jurisdiction of formation;

**10.1.2** it has full corporate power and authority to execute, deliver, and perform under this Agreement, and has taken all corporate action required by Applicable Law and its organizational documents to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement;

**10.1.3** this Agreement constitutes a valid and binding agreement enforceable against it in accordance with its terms;

**10.1.4** all consents, approvals and authorizations from all Governmental Authorities or other Third Parties required to be obtained by such Party in connection with this Agreement have been obtained;

**10.1.5** it has full right, title and interest to grant a license to its Clinical Data as set forth in Section 4.4; and

**10.1.6** the execution and delivery of this Agreement and all other instruments and documents required to be executed pursuant to this Agreement, and the consummation of the transactions contemplated hereby do not and shall not: (i) conflict with or result in a breach of any provision of its organizational documents, (ii) result in a breach of any agreement to which it is a party that would impair the performance of its obligations hereunder; or (iii) violate any Applicable Law.

**10.2 General Representations and Warranties by GenFleet: Intellectual Property.** GenFleet represents and warrants to Sellas as of the Effective Date that:

**10.2.1** GenFleet (a) is the legal and beneficial owner of or Controls the Licensed Patent Rights, which are free and clear of all claims, liens, charges and encumbrances, (b) Controls the Licensed Know-How, and (c) no other Person has any interest in the Licensed Patent Rights whatsoever, including without limitation the Persons identified on Schedule 10.2.1;

**10.2.2** GenFleet has the full right, power and authority to grant all of the rights, title and interest in the licenses and other rights granted or to be granted to Sellas under this Agreement;

**10.2.3** There is no (i) ongoing or threatened litigation, dispute or arbitration or other legal action of any nature pending or, to its knowledge, threatened against GenFleet or any of its Affiliates or (ii) writ, judgment, order, decree, injunction or other binding obligation of any Governmental Authority, in any case, involving the Licensed Patent Rights (including any challenge by any Third Party of the inventorship, ownership, GenFleet's right to use, the scope, the validity or the enforceability of, any Licensed Patent Rights or any claim that the practice of the Licensed Technology infringes or misappropriates any Patent Rights of any Third Party);

**10.2.4** There is no claim by GenFleet or its Affiliate that a Third Party is or was infringing, misappropriating or violating any of the Licensed Technology and GenFleet has not received any written notice that challenges, questions the right of GenFleet to use the Licensed Patent Rights, and GenFleet is not party to any agreements restricting GenFleet's right to use or Control the Licensed Patent Rights;

**10.2.5** all Patents Rights within the Licensed Patent Rights are subsisting and in full force and effect, and the issued Patent Rights are not, to GenFleet's knowledge, invalid or unenforceable,

in whole or in part, and the pending Patent Rights are, to GenFleet's knowledge, patentable with their existing claims;

**10.2.6** GenFleet has the full right, power and authority and sufficient resources to perform the activities in Section 3 and in Exhibit A and to grant the licenses granted hereunder;

**10.2.7** GenFleet has not (a) assigned, transferred, conveyed, licensed or otherwise encumbered its right, title and interest in or to Licensed Technology or (b) otherwise granted any rights, covenant not to sue, or immunity from suit to any Person that would conflict with the rights granted to Sellas hereunder;

**10.2.8** GenFleet solely owns all right, title and interest in and to the Licensed Patent Rights;

**10.2.9** GenFleet's right, title and interest in the Licensed Technology free and clear of any liens, charges, restrictions and encumbrances, and no other Person or Governmental Authority or subdivision thereof, has or shall have any claim of ownership whatsoever with respect to the Licensed Know-How;

**10.2.10** the exercise of the rights granted to Sellas hereunder do not and will not interfere with, misappropriate, or infringe any intellectual property rights of any Person;

**10.2.11** neither GenFleet nor any of its Affiliates has received any written notification from a Third Party that the Exploitation of the Compound thereof infringes or misappropriates or will infringe or misappropriate the Patents or other Intellectual Property Rights of any Person, and GenFleet has no knowledge that any Person has any basis for any such claim;

**10.2.12** there are no claims, judgments or settlements against or owed by GenFleet (or any of its Affiliates) and, to GenFleet's knowledge, no pending or threatened claims or litigation relating to the Licensed Technology;

**10.2.13** GenFleet has disclosed to Sellas all reasonably relevant information regarding (i) the Compound and (ii) the Licensed Technology, including (a) any licenses and binding agreements and (b) and safety or efficacy information related to the Compound;

**10.2.14** GenFleet has disclosed to Sellas the existence of any patent opinions or results of freedom to operate or patentability searches related to the Licensed Patent Rights;

**10.2.15** GenFleet has complied with all existing country-specific Applicable Laws and regulations involving inventor remuneration associated with the Licensed Patent Rights;

**10.2.16** Gang Zhou is the true and sole inventor of Chinese Patent Application No. 201710257652.7 titled "Novel Inhibitor of Cyclin-Dependent Kinase CDK9" and its patent family, including U.S. Patent No. 10,952,999, including the compounds, compositions, and methods claimed therein. To GenFleet's knowledge, inventorship of the Licensed Patent Rights are properly identified within the Licensed Patent Rights. GenFleet has obtained proper assignments of inventions from all inventors or entities of the Licensed Patent Rights, and has disclosed to Sellas the assignments to GenFleet or its Affiliates of all inventions disclosed in the Licensed Patent Rights;

**10.2.17** All official fees, maintenance fees and annuities for the Licensed Patent Rights have been paid by GenFleet through the Effective Date. All of the Licensed Technology is currently in compliance with formal legal requirements (including payment of any necessary fees). All of the patents included within the Licensed Patent Rights are in full force and effect, and to GenFleet's knowledge, are valid, subsisting and enforceable. Any necessary fees, including maintenance, user or renewal fees that

were due within [***] prior to the Effective Date have been paid or will be paid by GenFleet in a timely manner and all applicable government requirements in connection with the Licensed Technology due within [***] prior to the Effective Date have been complied with. None of the patents included within the Licensed Patent Rights are subject to any maintenance fees or taxes or actions falling due within [***] after the Effective Date; and

**10.2.18** Neither GenFleet nor any of its Affiliates has received notice of, and to GenFleet's knowledge, there is no unauthorized use, infringement, misappropriation or dilution of the Compound or the Licensed Technology by any Person, including any current or former employee or consultant of GenFleet or its Affiliates.

**10.3 General Representations and Warranties by GenFleet: Other Matters**. GenFleet represents and warrants to Sellas as of the Effective Date that:

**10.3.1** GenFleet has disclosed to Sellas all material information and data and all material correspondences to/from any Regulatory Authority related to the Compound, regardless of whether such data and information would have a positive, negative or neutral impact on the potential commercial, scientific or strategic value or attractiveness of the Compound;

**10.3.2** GenFleet has obtained all necessary consents, approvals and authorizations of all Governmental Authorities and other Persons required to be obtained by it as of the Effective Date, as applicable, in connection with the execution, delivery and performance of this Agreement;

**10.3.3** except for the IND assigned by GenFleet to Sellas pursuant to Exhibit A, neither GenFleet nor any of its Affiliates has obtained, or filed for, any Marketing Authorizations for the Compound, and, to GenFleet's knowledge, no other Person has obtained, or filed for, any Marketing Authorizations for the Compound;

**10.3.4** all research and development (including non-clinical studies and clinical trials) related to the Compound prior to the Effective Date has been conducted in accordance with all Applicable Laws;

**10.3.5** all information, data and statements provided by or on behalf of GenFleet to each Regulatory Authority in connection with the Compound were, and remain, true and accurate and complete in all material respects and there have been no material omissions from such information, data or statements, and GenFleet has not disclosed, failed to disclose, or cause to be disclosed, any information, data or statements that would reasonably be expected to cause the information, data and statements that has been disclosed to any Regulatory Authority to be misleading in any material respect;

**10.3.6** all information and data provided by or on behalf of GenFleet to Sellas on or before the Effective Date in contemplation of this Agreement was and is true and accurate and complete in all material respects, and GenFleet has not disclosed, failed to disclose, or cause to be disclosed, any information or data that would reasonably be expected to cause the information and data that has been disclosed to be misleading in any material respect; and

**10.3.7** GenFleet has provided Sellas with the opportunity to review all written, non-privileged material information or data Controlled by GenFleet relating to the Compound, and such written material information or data is, to its knowledge, true, correct and complete in all material respects. GenFleet has not intentionally concealed from Sellas any such material information or data and has not withheld any material information related to Licensed Technology that was requested by Sellas in writing, including material information Controlled by GenFleet related invalidity or unenforceability of Licensed Patent Rights. To GenFleet's knowledge, GenFleet has disclosed to Sellas all Know-How Controlled by GenFleet or its Affiliates as of the Effective Date that, to GenFleet's knowledge, is necessary or reasonably useful to Exploit the Compound in the Field in the Territory.

**10.4 GenFleet Covenants**.

**10.4.1** GenFleet covenants to Sellas that all Licensed Know-How provided and to be provided by GenFleet to Sellas is true and accurate and complete in all material respects and there have been and will not be any material omissions from Licensed Know-How delivered or to be delivered by GenFleet to Sellas, and GenFleet has not disclosed, failed to disclose, or caused to be disclosed, any information, data or statements that would reasonably be expected to cause the information, data and statements that has been disclosed to Sellas or any Regulatory Authority to be misleading in any material respect.

**10.4.2** GenFleet will, upon the Effective Date, deliver to Sellas the documents identified on Schedule 10.4.3 to the extent such documents are, as of the Effective Date, in GenFleet's possession or control.

**10.4.3** If there is any claim, suit, action or proceeding brought against or challenging any of the Licensed Patent Rights and the Parties deem it reasonably necessary, then GenFleet will use its commercially reasonable efforts to acquire and deliver to Sellas those documents identified on Schedule 10.4.3 that GenFleet has not already delivered to Sellas as quickly as possible. For the avoidance of doubt, GenFleet's failure to deliver any of such documents, despite using commercially reasonable efforts, would be not be treated as a material breach of this Section 10.4.3.

**10.5 No Action Required Which Would Violate Law**. In no event shall either Party be obligated under this Agreement to take any action or omit to take any action that such Party believes, in good faith, would cause it or the other Party to violate any Applicable Law.

**10.6 No Other Warranties**. EXCEPT AS EXPRESSLY STATED IN THIS ARTICLE 10, NEITHER PARTY MAKES ANY REPRESENTATIONS OR EXTENDS ANY WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE.

**11. INDEMNIFICATION**.

**11.1 Indemnification by Sellas**. Sellas shall indemnify, hold harmless and defend GenFleet and its Affiliates, and their respective officers, directors, employees and (collectively, "**GenFleet Indemnitees**"), from and against any Claims brought against any of the GenFleet Indemnitees to the extent arising or resulting from: (a) the Development or Commercialization of a Product by Sellas, its Affiliates, or Sublicensees, or (b) Sellas' uncured breach of Article 5.

**11.2 Indemnification by GenFleet**. GenFleet shall indemnify, hold harmless and defend Sellas and its Affiliates, and their respective officers, directors, employees and (collectively, "**Sellas Indemnitees**"), from and against any Claims brought against any of the Sellas Indemnitees to the extent arising or resulting from (a) GenFleet's breach of Article 10, or (b) any third party claims or legal proceedings relating to any Licensed Technology (except for any claims or legal proceedings solely related to drug safety or drug effectiveness of the Product).

**11.3 Indemnification Procedure**. In connection with any Claim for which a Party seeks indemnification from the other Party pursuant to this Agreement, the indemnified Party shall: (a) give the indemnifying Party prompt written notice of the Claim; *provided*, *however*, that failure to provide such notice shall not relieve the indemnifying Party from its liability or obligation hereunder, except to the extent of any material prejudice as a direct result of such failure; (b) cooperate with the indemnifying Party, at the indemnifying Party's request and expense, in connection with the defense and settlement of the Claim; and (c) permit the indemnifying Party to control the defense and settlement of the Claim. The indemnified Party shall have the right to participate (but not control) in the Claim and be represented in any suit or action by advisory counsel of its selection and at its own expense. The indemnified Party shall not

consent to the settlement or entry of judgment in such Claim without the indemnifying Party's prior written consent.

**12. LIMITATION OF LIABILITY**.

EXCEPT FOR (A) A BREACH OF ARTICLE 9, (B) AMOUNTS PAYABLE BY AN INDEMNIFYING PARTY UNDER ARTICLE 11, AND (C) CLAIMS, DAMAGES, LOSSES OR LIABILITIES ARISING FROM A PARTY'S GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, EXEMPLARY, OR PUNITIVE DAMAGES, OR FOR DAMAGES FOR LOST PROFITS OR LOST REVENUES, REGARDLESS OF WHETHER IT HAS BEEN INFORMED OF THE POSSIBILITY OR LIKELIHOOD OF SUCH DAMAGES OR THE TYPE OF CLAIM, CONTRACT, OR TORT (INCLUDING NEGLIGENCE).

**13. TERM; TERMINATION**.

**13.1 Term**. The term of this Agreement ("**Term**") shall commence as of the Effective Date and shall, on a Product-by-Product and country-by-country basis, continue until the expiration of the applicable Royalty Term, unless earlier terminated in accordance with this Section 13. Upon the expiration of the applicable Royalty Term on a Product-by-Product and country-by-country basis, the license to Sellas shall be non-exclusive, perpetual and fully paid up on a Product-by-Product and country-by-country basis.

**13.2 Termination for Cause**.

**13.2.1** Each Party may, without prejudice to any other remedies available to it at law or in equity, terminate this Agreement in its entirety if the other Party materially breaches any of its material obligations hereunder, taking all provisions hereunder together as a whole and not individually, and fails to cure such material breach within [***] of receiving notice thereof; provided, however, that, if such material breach is capable of being cured, but cannot be cured within such [***] period, and the breaching Party initiates actions to cure such breach within such period and thereafter diligently pursues such actions, the breaching Party shall have such additional period as is reasonable to cure such breach, but in no event will such additional period exceed an additional [***].

**13.2.2 Disputes Regarding Material Breach**. If the Parties reasonably and in good faith disagree as to whether there has been a material breach of a material obligation this Agreement, then the Party that disputes whether there has been a material breach may contest the allegation in accordance with Article 16 in which case the cure period will toll upon the initiation of such dispute resolution procedures. If, as a result of such dispute resolution process, it is determined pursuant to Article 16 that such Party committed a material breach of a material obligation of this Agreement, then the initial cure period will resume and if such Party does not cure such material breach within the remainder of the cure period (as such cure period may be extended pursuant to Article 16), then this Agreement will terminate effective as of the expiration of such cure period. This Agreement will remain in full force and effect during the pendency of any such dispute resolution proceeding and the cure period. Any such dispute resolution proceeding will not suspend any obligations of either Party hereunder, and each Party will use reasonable efforts to mitigate any damage. Any payments that are made by one Party to the other Party pursuant to this Agreement pending resolution of the Dispute will be promptly refunded if it is determined pursuant to Article 16 that such payments are to be refunded by one Party to the other Party. If, as a result of such dispute resolution proceeding, it is determined that such Party did not commit such material breach of such material obligation (or such material breach was cured in accordance with this Section 13.2.2), then no termination of this Agreement will be effective, and this Agreement will continue in full force and effect.

**13.2.3 Additional Remedy**. If Sellas has the right to terminate this Agreement under Section 13.2.1, then in lieu of terminating this Agreement, Sellas may, upon notice to GenFleet, elect to have this Agreement continue in full force as modified by this Section 13.2.3, in which case, effective as of the date Sellas delivers such notice: (i) any payments, including royalties and milestones, payable by Sellas to GenFleet pursuant to Article 5 shall be reduced by [***] from the date of notice of GenFleet's material breach; (ii) the JSC shall disband; (iii) Sellas shall be relieved of its obligations under Section 4.3; and (iv) all other provisions of this Agreement shall remain in full force and effect without change.

**13.3 Termination by Sellas**.

**13.3.1 Pre-Approval**. For the period from the first (1st) anniversary of the Effective Date until the first Regulatory Approval of the Product in any country in the Territory, Sellas shall have the right to terminate this Agreement upon one hundred eighty (180) days prior written notice to GenFleet if Clinical Failure occurs. If Sellas terminates this Agreement under this Section 13.3.1 before the first day of the fifteenth (15th) calendar month following the Effective Date, then Sellas will pay GenFleet the remainder of the initial payment that would be payable under Section 5.1 upon the first day of the fifteenth (15th) calendar month following the Effective Date.

**13.3.2 For Convenience Post-Approval**. Upon such receipt of the first Regulatory Approval of the Product and continuing through the end of the Term, Sellas shall have the right to terminate this Agreement for convenience upon one (1) year prior written notice to GenFleet.

**13.3.3 Safety**. Sellas may terminate this Agreement upon ninety (90) days' notice to GenFleet (i) (x) if there is a material risk for harm in humans based upon the observation of serious adverse effects in humans after a Product has been administered to or taken by humans, such as during a Clinical Trial, or (y) if the occurrence of any safety concern required to be reported under 21 C.F.R. §312.(c)(1)(iii), in each case that results in a clinical hold issued by the FDA in accordance with 21 C.F.R. §312.42 (and in each case or the equivalent in any non U.S. jurisdiction), or (ii) if there is a material toxicity or material drug safety issue or a serious adverse event reasonably related to a Product that was not publicly known as of the Effective Date.

**13.3.4 Bankruptcy**. Sellas may terminate this Agreement upon notice to GenFleet if GenFleet files for protection under bankruptcy Applicable Laws, makes an assignment for the benefit of creditors, appoints or suffers appointment of a receiver or trustee over its property, files a petition under any bankruptcy or insolvency act or has any such petition filed against it which is not discharged within 90 days of the filing thereof.

**13.4 Termination by GenFleet.**

**13.4.1 Non-Payment**. Subject to the process in Section 13.2.2, GenFleet may terminate this Agreement upon delivery of written notice to Sellas of GenFleet's decision to terminate, if Sellas becomes in arrears in any payments due under Section 5, and Sellas fails to make the required payment within sixty (60) days after the delivery of the written notice from GenFleet.

**13.4.2 Failure in Milestone Events**. GenFleet may terminate this Agreement in accordance with Section 4.3.4.

**13.4.3 Bankruptcy**. GenFleet may terminate this Agreement upon notice to Sellas if Sellas files for protection under bankruptcy Applicable Laws, makes an assignment for the benefit of creditors, appoints or suffers appointment of a receiver or trustee over its property, files a petition under any bankruptcy or insolvency act or has any such petition filed against it which is not discharged within 90 days of the filing thereof.

**13.5 Effects of Termination**.

**13.5.1 Termination by Sellas; Termination by GenFleet**. In the event that either Party terminates this Agreement pursuant to Section 13.2, GenFleet terminates this Agreement pursuant to Section 13.4, or Sellas terminates this Agreement pursuant to Section 13.3, the following shall apply:

**(a) Rights and Obligations**. Except as otherwise provided herein, all rights and obligations of each Party hereunder shall cease, including, subject to Section 13.5.1(b), the licenses granted to Sellas pursuant to Section 2.1.

**(b) Regulatory Matters**. At GenFleet's written request and where permitted under Applicable Law, Sellas shall transfer and assign to GenFleet (or its designee) all Regulatory Approvals, Pricing Approvals, and Regulatory Filings held by Sellas with respect to the Product in the Territory; provided that if such transfer and assignment is not permitted by the applicable Regulatory Authority, Sellas shall permit GenFleet to cross-reference and rely upon such Regulatory Approvals, Pricing Approvals, and Regulatory Filings.

**(c) Transition**. Unless Sellas terminates this Agreement pursuant to Section 13.2, Sellas shall use commercially reasonable efforts to cooperate with GenFleet in its efforts to Exploit Products in the Field in the Territory, as reasonably requested by GenFleet, for a period of up to [***] from the effective date of Termination. Such efforts may include, assistance in transferring Product development and manufacturing activities.

**(d) Clinical Trials**. With respect to any ongoing clinical trials of the Products conducted by Sellas and its Affiliates and Sublicensees, Sellas shall, and shall cause its Affiliates and Sublicensees to, upon the request of GenFleet, in a manner consistent with Applicable Laws and standards of ethical conduct of human clinical trials, transfer to GenFleet the conduct of such clinical trials as soon as reasonably practicable pursuant to the requirements of Applicable Laws.

**(e) Sellas Inventory**. Unless Sellas terminates this Agreement pursuant to Section 13.2, at the written request of GenFleet, Sellas and its Affiliates and Sublicensees shall transfer to GenFleet (or its designee) all Product held by Sellas and its Affiliates and Sublicensees in inventory [***], as applicable. Notwithstanding the foregoing, if the termination date falls on a date after Sellas has obtained a Regulatory Approvals for any Product, and except for termination by GenFleet pursuant to Section 13.2 or Section 13.4 and termination by Sellas pursuant to Section 13.3.2, Sellas and its Affiliates and Sublicensees shall have the right to sell inventory of Products remaining as of the termination date so long as Sellas continues to pay when due, all Royalties and Milestone Payments owed to GenFleet.

**(f) Option for a Reversion License**. At GenFleet's request within [***] of termination of this Agreement other than by Sellas pursuant to Section 13.2.1, Sellas will grant, effective on delivery of the notice, to GenFleet an option to enter into negotiations with Sellas with respect to a license agreement pursuant to which Sellas would grant GenFleet a non-exclusive, royalty-bearing, worldwide license under Know-How and Patents Controlled by Sellas and its Affiliates that are, as of the effective date of termination, necessary, and actually used, to Develop, Commercialize and Manufacture the terminated Products in the form they exist as of the date of termination, under such commercially reasonable terms and conditions as the Parties may agree in writing, including financial compensation to Sellas, taking into account all relevant factors including Sellas' contribution to and investments in such Products, Know-How and Patents. GenFleet may exercise such option within [***] of the notice of termination, in which case the Parties shall negotiate the license diligently and in good faith. If the Parties do not execute a license agreement based on such option within [***] of GenFleet's exercise of the option, then the foregoing option shall expire.

**13.6 Survival**. Expiration or termination of this Agreement shall not relieve the Parties of any obligation accruing hereunder prior to such expiration or termination. Without limiting the foregoing, the provisions of [***] shall survive expiration or termination of this Agreement.

**13.7 365(n) Rights**. All rights and licenses granted under or pursuant to this Agreement by GenFleet are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101 of the U.S. Bankruptcy Code. The Parties agree that Sellas, as licensee of intellectual property under this Agreement, shall retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code. The Parties further agree that in the event of a rejection of this Agreement by GenFleet in any bankruptcy proceeding by or against GenFleet under the U.S. Bankruptcy Code or foreign equivalent, (a) Sellas shall be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, which, if not already in Sellas' possession, shall be promptly delivered to it following Sellas' written request therefore, and (b) GenFleet shall not interfere with Sellas' rights to intellectual property and all embodiments of intellectual property, and shall assist and not interfere with Sellas in obtaining intellectual property and all embodiments of intellectual property from another entity. The term "embodiments" of intellectual property includes all tangible, intangible, electronic or other embodiments of rights and licenses hereunder, including all compounds and products embodying intellectual property, Products, filings with Regulatory Authorities and related rights, and Licensed Technology.

**14. PUBLICITY; PUBLICATIONS**.

**14.1 Use of Names**. Unless otherwise provided in this Agreement, neither Party (nor any of its Affiliates or agents) shall use the registered or unregistered trademarks, service marks, trade dress, trade names, logos, insignia, domain names, symbols, or designs of the other Party or its Affiliates in any press release, publication or other form of promotional disclosure without the prior written consent of the other Party in each instance*; provided, however,* that each Party and any of its Affiliates or Sublicensees may state publicly that such Party has received, granted, or been sublicensed, as applicable, a license from or to the other Party, to Exploit the Compounds and Products.

**14.2 Press Releases**. The Parties acknowledge that one or both Parties, either singly or jointly, may desire to publish one or more press releases relating to this Agreement, the license, and developments made thereto. However, each Party agrees not to issue any press release or other public statement, whether written, electronic, oral or otherwise, disclosing the existence of this Agreement, the terms hereof, or any information relating to this Agreement without the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed. Neither Party will be prevented from complying with any duty of disclosure it may have pursuant to Applicable Law or the rules of any recognized stock exchange or quotation system or any Order so long as the disclosing Party provides the other Party at least [***] prior written notice, to the extent practicable, and only discloses information to the extent required by Applicable Law or the rules of any recognized stock exchange or quotation system or any Order. A Party may publicly disclose without regard to the preceding requirements of this Section 14.2 any information that was previously publicly disclosed pursuant to this Section 14.2; provided that such disclosure does not materially alter the meaning of the information disclosed previously. Attached hereto as Exhibit B is a copy of the press release to be issued in connection with the execution of this Agreement.

**14.3 Publications**. During the Term, (a) each Party shall submit to the other Party for its review and approval any proposed academic, scientific, or medical publication or public presentation that contains the other Party's Confidential Information. Such review and approval will be conducted for the purposes of preserving the value of the Licensed Technology and determining whether any portion of the proposed publication or presentation containing the other Party's Confidential Information should be modified or deleted. Written copies of such proposed publication or presentation required to be submitted hereunder shall be submitted to the other Party no later than [***] before submission for publication or presentation (the "**Review Period**"). The other Party shall provide its comments with respect to such publications and presentations within [***] of its receipt of such written copy. The Review Period may be extended for an additional [***] in the event the reviewing Party can, within [***] of receipt of the written

copy, demonstrate reasonable need for such extension including for the preparation and filing of patent applications. Each Party will comply with standard academic practice regarding authorship of scientific publications and recognition of contribution of other parties in any publication governed by this Section 14.3, including International Committee of Medical Journal Editors standards regarding authorship and contributions.

**15. INSURANCE**.

Sellas will maintain during the Term and for [***] thereafter, commercial general liability insurance from a minimum "A-" AM Bests rated insurance company for product liability or clinical trials, if applicable, with coverage limits of not less than [***] U.S. Dollars per occurrence and [***] U.S. Dollars in the aggregate.

**16. DISPUTE RESOLUTION**.

**16.1 Exclusive Dispute Resolution Mechanism**. The Parties agree that, except as expressly set forth in this Agreement, the procedures set forth in this Section 16 will be the exclusive mechanism for resolving any dispute, controversy, or claim between the Parties arising out of or relating to this Agreement (whether based on contract, tort or otherwise) (each, a "**Dispute**").

**16.2 Resolution by Executive Officers**. For Dispute regarding the construction or interpretation of this Agreement, or the rights, duties, or liabilities of either Party hereunder, the Parties will first attempt in good faith to resolve such Dispute by negotiation and consultation between themselves. If such Dispute is not resolved on an informal basis within [***], either Party may, by written notice to the other Party, refer the Dispute to an executive officer of the other Party for attempted resolution by good faith negotiation within [***] after such notice is received. Each Party may, in its sole discretion, seek resolution of any and all Disputes that are not resolved under this Section 16.2 in accordance with Section 16.3.

**16.3 Arbitration**.

**16.3.1 General**. A Dispute that is not settled amicably shall be referred by sending written notice of the Dispute to the other Party for final and binding arbitration with the office of the American Arbitration Association in New York County, New York in accordance with the then-prevailing commercial arbitration rules of the American Arbitration Association. Arbitration proceedings shall be conducted in English. Disputes shall not include disputes with respect to the ownership, validity, enforceability of Patent Rights, which disputes shall be submitted exclusively to a court of competent jurisdiction.

**16.3.2 Arbitrator**. The arbitration shall be settled by one (1) arbitrator who has at least ten (10) years of experience in arbitrating pharmaceutical licensing disputes. The arbitrator shall be authorized to award to the prevailing Party, if a prevailing Party is determined by the arbitrator, such Party's costs and expenses, including reasonable attorneys' fees. The arbitrator may not award punitive or exemplary except as may be required by statute or as permitted by the Agreement.

**16.3.3 Confidentiality**. No information concerning an arbitration, beyond the names of the parties and the relief requested, may be unilaterally disclosed to a Third Party by any Party unless required by Applicable Law. Any documentary or other evidence given by a Party or witness in the arbitration shall be treated as confidential by any Party whose access to such evidence arises exclusively as a result of its participation in the arbitration, and shall not be disclosed to any Third Party (other than a witness or expert), except as may be required by Applicable Law.

**16.4 No Trial By Jury**. THE PARTIES EXPRESSLY WAIVE AND FOREGO ANY RIGHT TO TRIAL BY JURY.

## 17. GENERAL PROVISIONS

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**17.1 Assignment**. Neither Party may assign its rights and obligations under this Agreement without the other Party's prior written consent, except that each Party may assign its rights and obligations under this Agreement or any part hereof to one or more of its Affiliates without the consent of the other Party or to a Third Party pursuant to the sale of all or substantially all of such Party's business or assets relating to this Agreement. The assigning Party shall provide the other Party with prompt written notice of any such assignment. Any permitted assignee shall assume all obligations of its assignor under this Agreement, and no permitted assignment shall relieve the assignor of liability for its obligations hereunder. Any attempted assignment in contravention of the foregoing shall be void.

**17.2 Severability**. Should one or more of the provisions of this Agreement become void or unenforceable as a matter of law, then such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement, and the Parties agree to substitute a valid and enforceable provision therefor which, as nearly as possible, achieves the desired economic effect and mutual understanding of the Parties under this Agreement.

**17.3 Governing Law**. This Agreement shall be governed by and construed under the laws in effect in the State of New York, U.S. without giving effect to any conflicts of laws provision thereof or of any other jurisdiction that would produce a contrary result. Section 16 does not intend to deprive any New York court of competent jurisdiction with respect to its power to issue a pre-arbitral injunction, pre-arbitral attachment or other order in aid of arbitration proceedings or the enforcement of any judgment or award. Subject to Section 16, in any such action, the courts of New York shall have exclusive jurisdiction over any action brought to enforce this Agreement, and each of the Parties hereto irrevocably: (a) submits to such exclusive jurisdiction for such purpose; (b) waives any objection which it may have at any time to the laying of venue of any proceedings brought in such courts; (c) waives any claim that such proceedings have been brought in an inconvenient forum, (d) further waives the right to object with respect to such proceedings that any such court does not have jurisdiction over such Party, and (e) consents to service of process in the manner provided by Section 17.9 or by first class certified mail, return receipt requested, postage prepaid.

**17.4 Force Majeure**. Except with respect to delays or nonperformance caused by the negligent act or omission of a Party, any delay or nonperformance by such Party will not be considered a breach of this Agreement to the extent such delay or nonperformance is caused by acts of God, natural disasters, acts of the government or civil or military authority, fire, floods, global or domestic unrest or disturbance (including, without limitation, the current situation involving Russia and Ukraine), epidemics and pandemics (including, without limitation, COVID-19), quarantine, energy crises, war or riots, infrastructure failing, or other similar cause outside of the reasonable control of such Party.

**17.5 Waivers and Amendments**. The failure of any Party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other Party. No waiver shall be effective unless it has been given in writing and signed by the Party giving such waiver. No provision of this Agreement may be amended or modified other than by a written document signed by authorized representatives of each Party.

**17.6 Relationship of the Parties**. Nothing contained in this Agreement shall be deemed to constitute a partnership, joint venture, or legal entity of any type between GenFleet and Sellas, or to constitute one Party as the agent of the other. Moreover, each Party agrees not to construe this Agreement, or any of the transactions contemplated hereby, as a partnership for any tax purposes. Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give any Party the power or authority to act for, bind, or commit the other Party.

**17.7 Performance by Affiliates**. Each Party may exercise its rights and perform its obligations under this Agreement directly or through one or more of its Affiliates. Each Party's Affiliates will have the benefit of all rights (including all licenses) of such Party under this Agreement. Accordingly, in this Agreement "Sellas" will be interpreted to mean "Sellas or its Affiliates" and "GenFleet" will be interpreted to mean "GenFleet or its Affiliates" where necessary to give each Party's Affiliates the benefit of the rights provided to the applicable Party in this Agreement; provided, however, that in any event each Party will remain responsible hereunder for the acts and omissions of its respective Affiliates.

**17.8 Successors and Assigns**. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

**17.9 Notices**. All notices, consents, waivers, demands, and other formal or legal communications under this Agreement must be in writing and will be deemed to have been duly given when sent by an internationally recognized overnight delivery service (receipt requested) to the appropriate addresses set forth below (or to such other addresses as a Party may designate by written notice):

If to GenFleet:
GenFleet Therapeutics (Shanghai), Inc.
1206 Zhangjiang Road, Suite A
Shanghai
China
Attention: John Chen, MD, MBA
E-Mail: [***]

If to Sellas:
SELLAS Life Sciences Group, Inc.
7 Times Square, Suite 2503
New York, NY 10036
United States
Attention: Angelos M. Stergiou, MD, ScD h.c.
E-mail: [***]

with a copy to:

Barbara A. Wood, Executive Vice President and General Counsel
[***]

**17.10 Further Assurances**. Sellas and GenFleet hereby covenant and agree without the necessity of any further consideration, to execute, acknowledge and deliver any and all such other documents and take any such other action as may be reasonably necessary or appropriate to carry out the intent and purposes of this Agreement.

**17.11 No Third Party Beneficiary Rights**. This Agreement is not intended to and shall not be construed to give any Third Party any interest or rights (including, without limitation, any third party beneficiary rights) with respect to or in connection with any agreement or provision contained herein or contemplated hereby.

**17.12 Entire Agreement; Confidentiality Agreement**.

**17.12.1** Except as set forth in this Section 17.12.1, this Agreement, together with its Schedules, sets forth the entire agreement and understanding of the Parties as to the subject matter hereof and supersedes all proposals, oral or written, and all other prior communications between the Parties with respect to such subject matter. The Parties acknowledge and agree that (a) all rights and obligations of the Parties that arose out of that certain Confidentiality Agreement by and between the

Parties, dated as of October 13, 2021("**CDA**") during the period prior to the Effective Date, including, without limitation, the obligation of the Receiving Party to use such Confidential Information (as defined in the CDA) solely for the Purpose (as defined in the CDA), shall be governed solely by the terms of the CDA, (b) the terms and conditions of the CDA shall survive solely for the limited purposes set forth in (a) above and (c) the CDA shall otherwise terminate as of the Effective Date.

**17.12.2** In the event of any conflict between a material provision of this Agreement and any Schedule hereto, the Agreement shall control.

**17.13 Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts executed by facsimile, in pdf file format, or by other electronic transmission will be deemed to be valid originals.

**17.14 Cumulative Remedies**. No remedy referred to in this Agreement is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to in this Agreement or otherwise available under law.

**17.15 Waiver of Rule of Construction**. Each Party has had the opportunity to consult with counsel in connection with the review, drafting and negotiation of this Agreement. Accordingly, any rule of construction that any ambiguity in this Agreement shall be construed against the drafting Party shall not apply.

**[Signature page to follow]**

IN WITNESS WHEREOF, the Parties intending to be bound have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

| **SELLAS LIFE SCIENCES GROUP, INC.** | **GENFLEET THERAPEUTICS (SHANGHAI) INC.** |
|---|---|
| By: /s/ Angelos M. Stergiou | By: /s/ Qiang Lu |
| Name: Angelos M. Stergiou | Name: Qiang Lu |
| Title: CEO | Title: Chairman of BOD |

**SCHEDULE 1.28**
Chemical Structure

[***]

**SCHEDULE 1.35**

[***]

**SCHEDULE 10.2.1**

[***]

**SCHEDULE 10.4.3**

[***]

**Exhibit A**

**TRANSFER ACTIVITIES**

[***]

**EXHIBIT B**

Press Release

[***]

**Exhibit 31.1**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Angelos M. Stergiou, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SELLAS Life Sciences Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: May 12, 2022

*/s/ Angelos M. Stergiou*

Angelos M. Stergiou, MD, ScD h.c.
President and Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

**Exhibit 31.2**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Angelos M. Stergiou, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SELLAS Life Sciences Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: May 12, 2022

*/s/ Angelos M. Stergiou*

Angelos M. Stergiou, MD, ScD h.c.
President and Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report of SELLAS Life Sciences Group, Inc., (the "Company") on Form 10-Q for the period ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the Company's financial condition and results of operations.

By: */s/ Angelos M. Stergiou*

Angelos M. Stergiou, MD, ScD h.c.
President and Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

Date: May 12, 2022

*A signed original of this written statement required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.*

*This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.*