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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

or

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

For the transition period from to .

Commission File Number: 001-38905

NextCure, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**47-5231247**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
9000 Virginia Manor Road, Suite 200 Beltsville, Maryland	**20705**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(240) 399-4900**

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, $0.001 par value per share	NXTC	Nasdaq Global Select Market

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

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

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

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

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

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☐ No ☒

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

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

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

The aggregate market value of the registrant's common stock held by non-affiliates as of June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $49.2 million, as computed by reference to the closing price of the common stock on the Nasdaq Global Select Market on that date.

As of March 18, 2024, the registrant had 27,903,027 shares of common stock, par value $0.001 per share, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 2024 Annual Meeting of Stockholders, which will be filed with the Commission within 120 days after December 31, 2023, are incorporated by reference into Part III of this Report.

NextCure, Inc.
Form 10-K
For the Year Ended December 31, 2023

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements, including with respect to our plans, objectives and expectations for our business, operations and financial performance and condition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. The forward-looking statements are contained principally in the sections entitled "Business," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," but are also contained elsewhere in this Annual Report. In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "continue," "could," "due," "estimate," "expect," "intend," "may," "objective," "plan," "predict," "project," "potential," "positioned," "seek," "should," "target," "will," "would" and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or similar language. Forward-looking statements include, but are not limited to, statements about:

- our expectations regarding the timing, progress and results of preclinical studies and clinical trials for NC410, LNCB74 and any other product candidates we develop, including statements regarding the timing of initiation and completion of studies or trials and related preparatory work, the period during which the results of the trials will become available and our research and development programs;
- the timing or likelihood of regulatory filings for NC410, LCNB74 and any other product candidates we develop and our ability to obtain and maintain regulatory approvals for such product candidates for any indication;
- the identification, analysis and use of biomarkers and biomarker data;
- the anticipated benefits of our recently announced prioritization and restructuring plan;
- our drug product sourcing and manufacturing strategy, including the scalability of our methods and processes;
- our expectations regarding the potential benefits, activity, effectiveness and safety of NC410, LNCB74 and any other product candidates we develop;
- our intentions and ability to successfully commercialize, including through partnering, our product candidates;
- our expectations regarding the nature of the biological pathways we are targeting;
- our expectations regarding our ability to discover and advance product candidates using our technologies;
- the potential benefits of and our ability to maintain our relationship with Yale University, LegoChem Biosciences, Inc. and other third parties;
- our ability to retain key personnel;
- our estimates regarding our expenses, future revenues, capital requirements, needs for or ability to obtain additional financing and the period over which we expect our current cash, cash equivalents and marketable securities to be sufficient to fund our operations;
- our intended reliance on and the performance of third parties, including collaborators, contract research organizations and third-party manufacturers;
- our ability to protect and enforce our intellectual property protection and the scope and duration of such protection;
- developments and projections relating to our competitors and our industry, including competing therapies; and
- the impact of current and future laws and regulations.

These statements, and other forward-looking statements, are based on management's current expectations, estimates, forecasts and projections about our business and industry, are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control, and that may cause our actual results, levels of activity, performance or achievements to be materially different from those anticipated by the forward-looking statements. Forward-looking statements contained in this Annual Report should be considered in light of these factors and the factors set forth under "Risk Factor Summary" below and the factors described elsewhere in this Annual Report, including in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." These factors, and the other cautionary statements made in this Annual Report, are applicable to all related forward-looking statements wherever they appear in this Annual Report. If one or more of these factors materialize, or if any underlying assumptions prove incorrect, our actual results, levels of activity, performance, or achievements may vary materially from any future results, activity, performance, or achievements expressed or implied by these forward-looking statements.

We caution readers not to place undue reliance on any forward-looking statements made by us, which speak only as of the date of this Annual Report. We undertake no obligation to publicly update any forward-looking statements after the date of this Annual Report, whether as a result of new information, future events or otherwise, except as required by law. We qualify all of our forward-looking statements by the foregoing cautionary statements.

RISK FACTOR SUMMARY

The following is a summary of the principal risk factors that make an investment in our common stock speculative or risky. Before you invest in our securities, you should read the following summary together with the more detailed description of material risks described under "Risk Factors" in Item 1A of this Annual Report and the other information contained in this Annual Report.

Risks Related to Our Financial Position and Need for Additional Capital

- We have a limited operating history and no products approved for commercial sale. We have a history of significant losses, expect to continue to incur significant losses for the foreseeable future and may never achieve or maintain profitability. We have never generated revenue from product sales and may never be profitable.
- We will require substantial additional financing to pursue our business objectives, which may not be available on acceptable terms, or at all.

Risks Related to the Discovery and Development of Our Product Candidates

- Our business is dependent on our ability to advance our current and future product candidates through preclinical studies and clinical trials, marketing approval and ultimately commercialization, each of which is uncertain.
- Regulatory approval processes are lengthy and inherently unpredictable.
- Clinical development involves a lengthy and expensive process with uncertain outcomes, and as an organization we have limited experience designing and implementing clinical trials. Failure to adequately design a trial, or incorrect assumptions about the design of the trial, could result in delays in product development and in additional costs, delays or the inability to develop, obtain regulatory approval for or commercialize our products.
- Preclinical development is uncertain. Our preclinical programs may experience delays or may never advance to clinical trials, which would adversely affect our ability to obtain regulatory approvals or commercialize these programs on a timely basis or at all.
- Initial positive trial results and positive results from preclinical studies and early-stage clinical trials may not be predictive or indicative of results obtained when the trial is completed or in later stage trials.
- We, or our collaborators, could encounter difficulties enrolling patients in our clinical trials due to pandemics or other factors.
- Because the numbers of subjects in our Phase 1/2 and Phase 1 clinical trials are small, the results from each of these trials, once completed, may be less reliable than results achieved in larger clinical trials.
- Our current or future product candidates may cause undesirable side effects or have other properties that could halt their clinical development, delay or prevent their regulatory approval, limit their commercial potential or result in significant negative consequences.

Risks Related to the Regulatory Approval and Commercialization of Product Candidates and Other Legal Compliance Matters

- We may be unable to obtain regulatory approval of our product candidates. The denial or delay of any such approval would prevent or delay commercialization of our product candidates and harm our business.
- Even if a current or future product candidate receives marketing approval, it may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success, and the market opportunities for any such product candidate may be limited.
- We are studying and developing product candidates in combination with other therapies, which exposes us to additional regulatory risks.
- We depend on data and our information technology systems, and any failure of these systems or any related security breaches, loss of data, or other disruptions could harm our business.

Risks Related to Manufacturing

- Given our limited operating history, our manufacturing experience, as an organization and with our manufacturing facility, is limited.
- We may be unable to secure sufficient quantities of our product candidates economically, or at the necessary scale, whether through use of a third party, by scaling up our paused manufacturing operations, or by otherwise failing to source adequate supply of our product candidates which would delay or prevent us from developing and, if approved, commercializing our product candidates.
- We are subject to multiple manufacturing risks, any of which could substantially increase our costs and limit supply of our product candidates.

- We depend on third-party suppliers for key materials used in our manufacturing process, and the loss of these third-party suppliers, their inability to comply with applicable regulatory requirements, or their inability to supply us with adequate materials could harm our business.

Risks Related to Intellectual Property

- We have filed patent applications for our product candidates, but we have to-date obtained only a small number of patents from these applications. If we are unable to obtain and maintain patent protection, or if the scope of the patent protection obtained is not sufficiently robust, our competitors could develop and commercialize products similar or identical to ours, and our ability to successfully commercialize our product candidates may be adversely affected.
- We are party to a license agreement with Yale University under which we acquired rights to intellectual property related to certain of our product candidates. If we breach our obligations under this agreement, the agreement could be terminated, which would adversely affect our business and prospects.
- Our intellectual property agreements with third parties may be subject to disagreements over contract interpretation, which could narrow the scope of our rights to the relevant intellectual property or technology or increase our financial or other obligations to our licensors.
- We may not be able to protect our intellectual property rights throughout the world.
- We may be subject to claims, or we may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful; our intellectual property could be found invalid or unenforceable.

Risks Related to Reliance on Third Parties

- We rely on third parties to help conduct our ongoing and planned preclinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties, comply with regulatory requirements or meet expected deadlines, we may not be able to obtain marketing approval for our product candidates.
- We may depend on other third-party collaborators for the discovery, development and commercialization of certain of our current and future product candidates. If our collaborations are not successful, we may not be able to capitalize on the market potential of these product candidates.
- We may seek to establish additional collaborations and, if we are not able to establish them on commercially reasonable terms, we may have to alter our development and commercialization plans.

Risks Related to Our Business

- We are highly dependent on our key personnel, and if we are not successful in attracting, motivating and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.
- We face significant competition from other biotechnology and pharmaceutical companies, and our operating results will suffer if we fail to compete effectively.
- In the future, we may need to grow the size of our organization, and we may experience difficulties in managing this growth.
- If we are unable to establish marketing, sales and distribution capabilities for any product candidate that may receive regulatory approval, we may not be successful in commercializing those product candidates.

Risks Related to Our Common Stock

- The price of our common stock has been and may in the future be volatile and fluctuate substantially.
- We have been and may in the future be subject to securities litigation, which can be expensive and could divert management's attention.
- If securities analysts do not publish research or reports about our business or if they publish inaccurate or unfavorable research about our business, the price of our stock could decline.
- Sales of a substantial number of shares of our common stock in the public market could cause our stock price to fall, even if our business is doing well.

PART I

Item 1. Business

Overview

We are a clinical-stage biopharmaceutical company that is focused on advancing innovative medicines that treat cancer patients that do not respond to, or have disease progression on, current therapies, through the use of differentiated mechanisms of actions including Antibody-Drug Conjugates (ADCs), antibodies and proteins. We focus on advancing therapies that leverage our core strengths in understanding biological pathways and biomarkers, the interactions of cells, including in the tumor microenvironment, and the role each interaction plays in a biologic response.

We are focusing on our highest-value opportunities:

i) NC410, a LAIR-2 fusion protein that, in combination with pembrolizumab, demonstrated early evidence of clinical activity in colorectal (CRC) and ovarian cancers. We expect several potential catalysts in 2024.

ii) LNCB74, an ADC that is directed to B7-H4, a clinically validated cancer target. Given our internal expertise of B7-H4 coupled with LegoChem Biosciences, Inc's (LegoChem) ADC technology, we plan for an Investigational New Drug application (IND) in 2024.

In March 2024, we announced a prioritization and restructuring of our operations to align with our focused pipeline. We are pausing our internal manufacturing operations and reducing our workforce. In addition, we are seeking to partner our clinical programs NC525 and NC318 and our preclinical non-oncology programs NC605, for chronic bone diseases, and NC181, for Alzheimer's disease. We project these actions will extend our cash runway into the second half of 2026.

Our Strategy

The crucial elements of our business strategy include the following:

- ***Advancing development of NC410 in combination with pembrolizumab (NC410 Combo) based on early evidence of clinical activity***.

  - Based on emerging Phase 1b results in ovarian cancer, where NC410 Combo demonstrated an overall response rate (ORR) of 42.8% at the 9-week scan based on 7 evaluable patients, we are in the process of enrolling approximately 18 additional patients in this clinical trial. We plan to present the data from approximately 25 ovarian cancer patients in the second half of 2024.

  - Based on initial Phase 1b results in CRC, where Standard of Care (SOC) has historically shown limited efficacy and short median progression free survival (mPFS), we have completed enrollment of an additional 20 patients with the objective of confirming and enhancing the 10.5% ORR seen in the initial 100 mg cohort of 19 evaluable patients. We plan to provide data on CRC in the second quarter of 2024.

- ***Accelerating development of LNCB74, a differentiated ADC focused on B7-H4, a clinically validated target.*** Building on our strong know-how and previous clinical experience with B7-H4, we have created a new mAb intermediate and combined it with LegoChem's differentiated ADC technology to create a promising B7-H4 ADC for the treatment of B7-H4 expressing cancers. We plan to file an IND application by year-end 2024.

- ***Pursuing partnering of our clinical oncology programs NC525 and NC318 and our non-oncology preclinical programs.*** Based on our focused and prioritized pipeline, we will seek partnering, licensing, or other strategic approaches for our NC525 and NC318 programs. We also have two novel preclinical candidates, one in the area of chronic bone diseases and the orphan indication for Osteogenesis Imperfecta (OI), and one for the neurodegenerative Alzheimer's disease, both of which could be IND-ready in the first half of 2025. We will continue to seek partners or other strategic approaches to advance these programs.

Our Fusion Protein Product Candidate: NC410

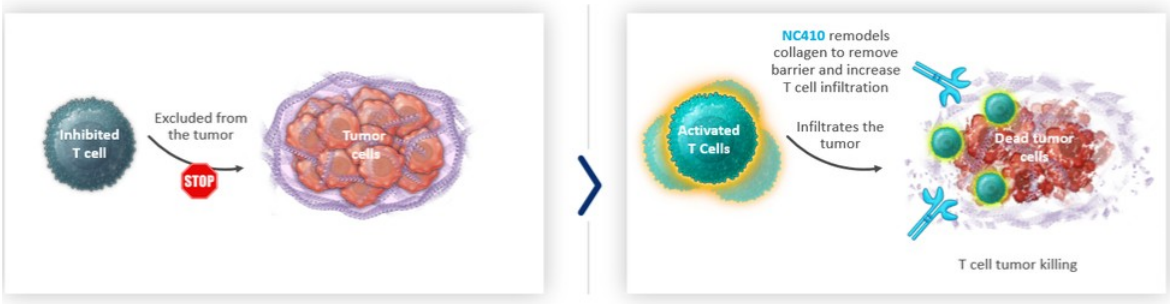
NC410 is a fusion protein of LAIR-2, a naturally occurring soluble version of, and decoy protein for, LAIR-1 that is designed to block immune suppression mediated by LAIR-1. Early preclinical correlative biomarker work suggests that NC410 has the potential to overcome tumor resistance by remodeling the tumor's extracellular matrix (ECM) to remove a physical barrier surrounding the tumor to enhance T cell tumor killing. We have exclusive worldwide rights to NC410.

Mechanism of action

The rationale for moving into a combination trial for NC410 is based on the mechanism of action of NC410, as seen in preclinical modeling and also during the NC410 monotherapy Phase 1 dose escalation study readouts. It has been shown that elevated collagen levels in the ECM, the tissue matrix surrounding the tumor, are associated with resistance to PD-1 and PD-L1 therapies. In non-clinical colorectal models and early-stage monotherapy clinical studies conducted by NextCure, we have demonstrated that NC410 can remodel collagen in the ECM, which enhances T cell infiltration into the tumor.

Collagen Buildup and Density Lead to Resistance

ECM Remodeling Leads to Greater Anti-Tumor Function



Tumor cells proliferate and become resistant

T cells kill the tumor

This results in immune activation, enhanced immune function in the TME and enhances anti-PD-1 activity in multiple preclinical tumors models. We believe that this may translate to improved responses in patients with immune checkpoint naïve solid tumors.

Our Clinical Development Plan for NC410

We are currently conducting a Phase 1b/2 clinical trial to evaluate NC410 in combination with KEYTRUDA® (pembrolizumab), Merck & Co., Inc.'s (Merck) anti-PD-1 therapeutic. We entered into a supply agreement for KEYTRUDA with Merck (known as MSD outside the United States and Canada) for the trial. Based on clinical responses and biomarker observations, we are focused on ovarian cancer and CRC patients who are immune checkpoint inhibitor (ICI) naïve. The combination has been shown to be well tolerated up to 200 mg of NC410 with Grade 3 or higher Treatment Related Adverse Events of 3.7%.

Ovarian Cancer

In March 2024, we announced evidence of early clinical activity and biomarker observations supporting the proposed mechanism of action for NC410 Combo in relapse/refractory ICI naïve ovarian cancer, with/without active liver metastasis, in 100 mg, and 200 mg cohorts. At data cutoff, there were 7 evaluable patients in these initial cohorts. Given that this data set is relatively early and a small number, in March 2024 we commenced enrolling an additional 18 patients among the 100 mg and 200 mg cohorts. As of February 23, 2024, the findings of the initial 7 evaluable patients are summarized based on the FDA's Response evaluation criteria in solid tumors (RECIST) 1.1 guideline in the table below:

Relapsed/Refractory ICI Naïve Ovarian Cancer, 100 mg & 200 mg cohorts

Evaluable Patients as of February 23, 2024	n=7
Overall Response Rate (ORR)	42.8%, n=3
Disease Control Rate (DCR)	42.8%, n=3
Evidence supporting mechanism of action	Observed in biomarker data

From the NC410 Combo Phase 1b patient data (n=7) set as of the cutoff date:

- 3 partial responses (PR) were observed at the initial 9-week scan.
- 1 confirmed PR observed in the 200 mg cohort continues on study beyond 6 months.
- The 2 PRs at the 100 mg cohort are pending confirmatory scans at week 18.

Biomarker data on blood samples drawn from patients in both the NC410 monotherapy trial and the NC410 combo trial support our hypothesis regarding the mechanism of action (MOA) and activity in PR patients as follows:

- Decrease in peripheral Granzyme B-expressing CD8+ T cells, which supports our belief of our MOA that NC410 remodels the ECM and allows activated immune cells to infiltrate into the Tumor Microenvironment (TME). Generation of Collagen-derived product (CDP) 4GZ fragments is mediated by Granzyme B-expressing T cells and provides direct evidence of ECM remodeling and correlates with responses.
- Decrease in peripheral Myeloid-Derived Suppressor Cells reduces suppressive effects and enhances activation of immune cells and anti-tumor activity.
- Decrease in peripheral CCR7+ DC+ T cells consistent with chemokine guided migration of immune cells to the TME.

Taken together, the data demonstrate that NC410 plays a key role in mediating activation of immune cells and migration to TME through remodeling of the ECM. We believe NC410 Combo results in anti-tumor activity and clinical responses in patients that are shown to respond poorly to or are resistant to checkpoint inhibitors.

Response rates using ICI therapy, both in mono and combo, in high-grade serous ovarian cancer (HGSOC) are historically low at under 10% ORR with a mPFS of approximately 2 months. Given HGSOC is the most common type of ovarian cancer, we believe an opportunity exists for a clinical path forward in ovarian cancer.

We plan to present the data from the ovarian cancer patients in the second half of 2024.

CRC

In December 2023, we announced that given preliminary anti-tumor activity, additional patients would be added to the 100 mg cohort of patients with microsatellite stable (MSS)/microsatellite instable-low (MSI-L) immune checkpoint

inhibitor (ICI) naïve CRC without active liver metastasis (LM-). There are 19 evaluable patients in this initial cohort and we completed enrollment of an additional 20 patients in January 2024. As of February 23, 2024, of the initial 19 evaluable patients, findings are summarized based on RECIST 1.1 guideline in the table below:

MSS/MSI-L ICI Naïve CRC, LM-, 100 mg cohort

Evaluable Patients as of February 23, 2024	n=19
Overall Response Rate (ORR)	10.5%, n=2
Disease Control Rate (DCR)	47.3%, n=9
Median Progression Free Survival (mPFS)	8.1 months

From the NC410 combo Phase 1b 19 patient data set as of the cutoff date:

- All responses were observed at the initial 9-week scan in the 100 mg cohort.
- Subjects enrolled had a median of 5 lines of prior treatment.
- The two responders remain as PRs, and continue on study for over 10 months and 5 months, respectively.

We plan to present the data of the CRC patients in the 100 mg cohort who are MSS/MSI-L ICI Naïve CRC at a scientific conference in the second quarter of 2024.

The CRC MSS/MSI-L population is extremely difficult to treat with most agents, including pembrolizumab, showing low single-digit response rates along with a limited mPFS. We believe if we can confirm and enhance the data observed in our initial findings of 19 patients, an opportunity exists for a clinical path forward that will improve the current standard of care.

Our ADC Product Candidate: LNCB74

LNCB74 is designed as a state-of-the-art B7-H4 targeted ADC to kill tumors. An ADC consists of a monoclonal antibody (mAb) conjugated to a cytotoxic drug via a chemical linker. B7-H4, a clinically validated target, is a cell surface protein expressed on multiple tumor types including breast, ovarian, and endometrial cancers, that we believe represents a large market opportunity. LNCB74 will be positioned as a promising B7-H4 ADC with both improved safety and efficacy based on the following differentiation:

Antibody – B7-H4 mAb with an Fc modification to protect immune cells to improve safety.

Linker – Cancer-selective payload release via a glucuronidase cleavage that minimizes toxicity in non-tumor cells.

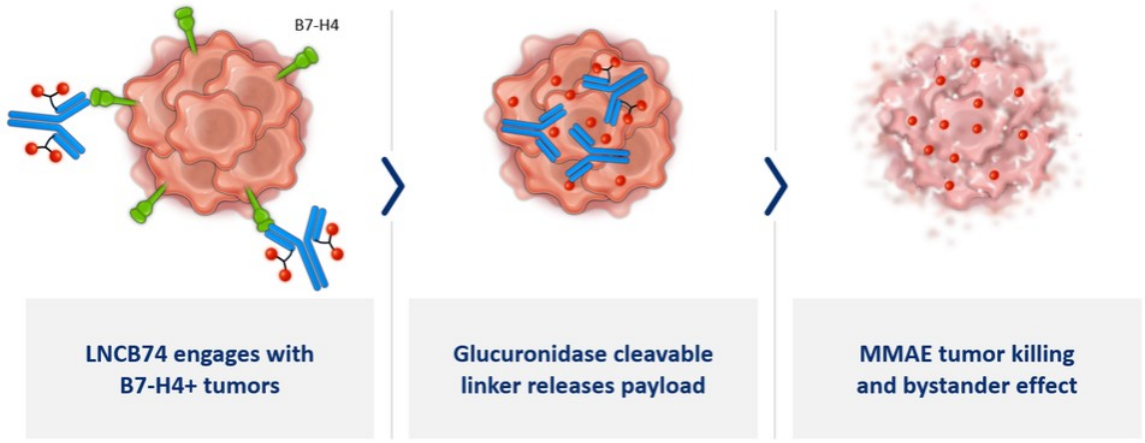
Payload – A Monomethyl auristatin E (MMAE) toxin in a drug-to-antibody ratio (DAR) of 4 and has the advantage to diffuse from the target cell and into surrounding tumor cells for bystander killing.

LNCB74 is being advanced under a November 2022 Research Collaboration and Co-Development Agreement ("LegoChem Agreement") with LegoChem in which both parties equally share the costs of developing and profits. In April 2023, the parties designated LNCB74 as the first of up to three co-development candidate. To date, we have completed i) pre-clinical experiments *in vitro* and *in vivo* demonstrating potent tumor killing, ii) pilot toxicology studies, iii) received pre-IND feedback from the FDA, and iv) we are conducting ongoing activities associated with GLP toxicology studies, GMP manufacturing, and clinical development planning. We expect to file an IND by year-end 2024.

Mechanism of Action

B7-H4 is a cell surface protein expressed on multiple tumor types and shows limited expression in most normal tissues. B7-H4 was initially discovered in 2003 in the Mayo Clinic lab of our scientific co-founder Dr. Lieping Chen. It is a member of the same family of co-inhibitory checkpoint proteins as B7-H1, known as PD-L1, which was also discovered by Dr. Chen's laboratory. B7-H4 has been shown in published articles to negatively regulate T-cell immune response, inhibit cytokine production, suppress antigen-presenting cells, promote immune escape and play a role in tumorigenesis and tumor development. Expression of B7-H4 in tumor cells has been shown in preclinical research and published articles to be correlated with reduced overall survival, and B7-H4 has generally non-overlapping expression with PD-L1.

LNCB74 is an anti-B7-H4 ADC that binds to B7-H4 on the cell surface and is internalized, upon which the linker is cleaved to release the MMAE payload, a well characterized microtubule-disrupting agent, and a commonly used payload in FDA approved ADCs. The mechanism of action of LNCB74 is shown in Figure 1 below:



LNCB74 is comprised of a NextCure generated mAb intermediate, specific for B7-H4 protein, engineered with a sequence to facilitate site-specific conjugation of the antibody and linker arm to facilitate generation of an ADC. It is conjugated with a proprietary LegoChem developed beta-glucuronide cleavable linker technology known as “ConjuAll” that leverages a novel selective payload release of MMAE for tumor killing and also allowing for “bystander” killing of neighboring tumor cells while minimizing toxicity in non-tumor cells.

Assets We Intend To Partner

Based on our focused and prioritized pipeline, we are seeking to partner, license, or advance through other strategic approaches NC525 and NC318 and our non-oncology preclinical programs.

Clinical Oncology Programs

NC525

NC525 is a novel LAIR-1 antibody that selectively targets Acute Myeloid Leukemia (AML), blast cells and leukemic stem cells (LSCs). Preclinical data show that NC525 kills AML blast cells and LSCs while sparing hematopoietic stem and progenitor cells (HSPCs). Preclinical data also show that NC525 (i) inhibits colony formation of AML LSCs *in vitro*, (ii) inhibits AML growth in the MV4-11 derived xenographs (CDX) animal model *in vivo* and (iii) restricts AML progression in patient-derived xenografts (PDX) *in vivo*. We have exclusive worldwide rights to NC525.

A Phase 1 trial was initiated in February 2023 to evaluate the safety and preliminary efficacy of NC525 in patients with AML, high-risk myelodyplastic syndrome, and chronic myelomonocytic leukemia (CMML). This open-label trial was designed to evaluate the safety and tolerability of NC525 and determine its pharmacologically active and/or maximum tolerated dose. We are currently in the fifth cohort of the dose escalation portion of the trial. Initial data suggest linear pharmacokinetics and an acceptable safety profile. We plan to complete the dose-finding portion of the study to arrive at a predicted biologically active dose. Based upon our decision to extend our cash runway and focus our resources on advancement of NC410 and LNCB74, we will further assess development plans for NC525 by the fourth quarter of 2024 in conjunction with our partnering efforts.

NC318

NC318 is a humanized IgG1 mAb against Siglec-15 (S15), that blocks interactions of S15 with myeloid cells and T lymphocytes within the tumor microenvironment, relieving immune inhibitory signaling. In an earlier monotherapy study from NextCure, NC318 demonstrated single-agent activity in a Phase 1/2 dose escalation trial (NCT03665285) for patients with advanced solid tumors. We have exclusive worldwide rights to NC318.

We are providing NC318 for an ongoing Phase 2 IIT with our founding institution, Yale University, to evaluate NC318 in combination with pembrolizumab in patients with non-small cell lung cancer (NSCLC). In September 2023, we announced the presentation of Phase 2 clinical data by our collaborators at the Yale Cancer Center demonstrating clinical benefit in patients with advanced, PD-1 axis inhibitor refractory non-small cell lung cancer (NSCLC) treated with a combination regimen of NC318, a S15 mAb, and pembrolizumab, an anti-PD-1 antibody. Efficacy data demonstrate that the combination of NC318 and pembrolizumab is active in advanced PD-1 axis inhibitor refractory NSCLC: 28% of patients (5/18) had durable clinical benefit (partial response or stable disease lasting greater than 6 months by RECIST and/or irRC) with 3 of these being confirmed responses. Yale is continuing to enroll patients to gain further evidence of clinical activity of NC318.

Pre-Clinical Non-Oncology Programs

In the second half of 2023, we announced two preclinical candidates that could be IND-ready in the first half of 2025 in the unmet needs areas of chronic bone diseases, including for an orphan indication for Osteogenesis Imperfecta (OI), and Alzheimer's disease, a neurodegenerative disease. We will continue to seek global partners or other strategic approaches. We have leveraged our internal capabilities to advance these programs.

NC605

NC605 is an antibody that targets Siglec-15. Preclinical data reported NC605 treatment reduced bone loss and enhanced bone quality in mice with OI. OI is a rare disorder that results in high bone turnover, abnormal bone formation, bone fragility, and recurrent fractures. NC605 could also have applications in chronic bone diseases such as osteoarthritis and non-union fractures. We are currently conducting toxicology studies.

NC181

NC181 is a humanized antibody targeting ApoE4 for the treatment of Alzheimer's disease (AD). In preclinical AD animal models, NC181 has demonstrated amyloid clearance, prevention of amyloid deposition, plaque clearance, and reduced neuroinflammation. Preclinical studies have demonstrated that NC181 reduces microhemorrhages and improves cerebral vascular function; lowers risk Amyloid Related Imaging Abnormalities (ARIA).

Alignment of Our Infrastructure to the Focused Pipeline

In March 2024, we announced a prioritization and restructuring of our operations to align with our focused pipeline approach and extend our financial cash runway into the second half of 2026. We will focus our internal resources and retain our expertise in, clinical operations biomarker research, business development, and manufacturing tech transfer. As a result, we will pause our internal manufacturing operations because we believe ample clinical supply has been produced, including the LNCB74 mAb intermediate, to supply our prioritized programs in the near term.

In conjunction with the restructuring, we are reducing our workforce from 81 full-time employees to 51 employees. This reduction will primarily occur in our manufacturing operations, but also will impact areas of discovery, research, development, clinical, and general administrative.

Our Collaboration Agreements

LegoChem Agreement

In November 2022, the Company entered into the LegoChem Agreement to develop up to three ADCs. Under the terms of the LegoChem Agreement, both parties equally share the costs of developing the molecules and profits on commercialized products. The collaboration consists of up to three research programs for which a research plan will be developed. With respect to a research plan, each party shall use reasonable efforts to execute and perform the activities assigned to it. Each party shall be solely responsible for costs associated with its assigned activities as outlined in the research plan. Upon successful completion of a research plan, or as otherwise agreed, the parties may designate a research product as a co-development product. Upon designation of a co-development product, cost sharing on a 50-50 basis between the Company and LegoChem would begin. The activities associated with the research plan and co-development products will be coordinated by a joint steering committee, which is comprised of an equal number of representatives from the Company and LegoChem. If and when a co-development product becomes commercialized, the Company and LegoChem would equally share in the profits. There are no implied licenses or other rights created under the LegoChem Agreement after designation of a co-development product.

Effective April 1, 2023, the parties designated LNCB74 as the first co-development product under the LegoChem Agreement. As such, cost sharing on a 50-50 basis commenced for the first co-development product under the LegoChem Agreement.

Agreements with Yale University

License Agreement with Yale

We entered into a license agreement with Yale, or the Yale Agreement, in December 2015 pursuant to which we obtained an exclusive, royalty-bearing, sublicensable worldwide license to products that either incorporate certain licensed patents used in the discovery of targets or arise out of research and development of Dr. Chen's laboratory at Yale, including S15, and subsequently amended the Yale Agreement in January 2020 and October 2021. We are obligated to pay Yale low single-digit royalties on sales of products that are either covered by the patents licensed to us under the Yale Agreement or arise out of work with Dr. Chen, including with his laboratory, as a result of research under the corporate sponsored research agreement described below, subject to minimum annual royalty payments in the low to mid hundreds of thousands of dollars. Until we are required to pay royalties under the Yale Agreement, we must pay an annual license maintenance fee to Yale in the mid to high tens of thousands of dollars. In addition, with respect to each product covered by licenses under the Yale Agreement, we are obligated to pay Yale milestone payments upon (i) the initiation of each of a Phase 1 clinical trial, Phase 2 clinical trial and Phase 3 clinical trial or a pivotal trial, (ii) first commercial sale in the United States and (iii) first commercial sale in China, Japan or a major European country, in an aggregate amount of up to $2,975,000. The term of the license agreement with Yale runs, on a country-by-country basis, until the later of the expiration of all licensed patents or 10 years from the first commercial sale in such country, unless Yale has cause to terminate earlier for our material breach of the license, bankruptcy or if we or any sublicensee bring a challenge against Yale in relation to the licensed patents. We have the right to terminate the Yale Agreement for Yale's material breach or at any time during the term with six months' prior written notice to Yale.

Sponsored Research Agreement with Yale

In connection with the Yale Agreement, we also entered into a corporate sponsored research agreement, or "SRA", with Yale, pursuant to which we had agreed to provide an aggregate of up to $15 million to fund a research program aimed at discovering new targets for therapies. The SRA was subsequently amended in January 2020, October 2021 and September 2022 and expired on March 31, 2023.

Manufacturing

We have a purpose-built, dedicated, state-of-the-art cGMP manufacturing facility that utilizes single-use technology to support our pipeline and advance our product candidates into and through clinical development. The facility has a production capacity of 2,000 liters that has supported our multiple product candidates. The investment in our

manufacturing facility has been a critical element of our ability to quickly identify whether a candidate is likely to be successful and to facilitate an efficient development path. In March 2024, we paused our internal manufacturing operations as we believe ample clinical supply has been produced, including the LNCB74 mAb intermediate, to supply programs in the near term.

Competition

The biotechnology and pharmaceutical industries, and the oncology subsector, are characterized by rapid evolution of technologies, fierce competition and strong defense of intellectual property. We believe that our programs, platforms, technology, knowledge, experience and scientific resources provide us with competitive advantages, but we also face competition from pharmaceutical and biotechnology companies, academic institutions, governmental agencies and public and private research institutions, among others. Our competitors include larger and better funded biopharmaceutical, biotechnology and therapeutics companies, including companies focused on cancer immunotherapies. Moreover, we may also compete with smaller or earlier-stage companies, universities and other research institutions that have developed, are developing or may be developing current and future cancer therapeutics. These competitors include:

- **Development of immune-oncology treatments in combination with other commercial and investigational therapeutics.** NC410 will compete with a range of therapies that are currently approved and any new therapies that may become available in the future. Key product features that would affect our ability to effectively compete with other therapeutics include the efficacy, safety and convenience of our products. Currently marketed oncology drugs and therapeutics range from traditional cancer therapies, including chemotherapy, to antibody-drug conjugates, such as Genentech Inc.'s Kadcyla, to immune checkpoint inhibitors targeting CTLA-4, such as BMS' Yervoy, and PD-1/PD-L1, such as BMS' Opdivo, Merck & Co.'s Keytruda and Genentech's Tecentriq, to T-cell-engager immunotherapies, such as Amgen's Blincyto. In addition to these marketed therapies, numerous compounds are in clinical development for the potential treatment of cancer.

- **Development of B7-H4 targeted programs.** LNCB74 will compete with a range of product candidates currently in clinical trials. These include ADC clinical programs being developed by Pfizer Inc, a GSK licensed candidate from Hansoh Pharmaceutical Group Limited, Mersana, and AstraZenca plc, with additional B7-H4 ADCs in preclinical development. We are also aware of other companies development non-ADC approaches targeting B7-H4. Our ability to compete effectively with other B7-H4 programs will depend on our ability to differentiate LNCB74 from other therapies based on target tumor types, payload, efficacy and tolerability. Any inability to effectively differentiate LNCB74 from other product candidates targeting B7-H4 would negatively impact our ability to compete.

The availability of reimbursement from government and other third-party payors will also significantly affect the pricing and competitiveness of our products. Our competitors may also obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market.

Intellectual Property

Our commercial success depends in part on our ability to obtain and maintain proprietary protection for our products, methods and manufacturing processes, to operate without infringing on the proprietary rights of others and to prevent others from infringing on our proprietary rights. We rely on a combination of patents, patent applications and trade secrets, as well as contractual protections, to establish and protect our intellectual property rights. We seek to protect our proprietary position by, among other things, filing patent applications in the United States and internationally. Our patent estate includes patents and patent applications with claims relating to our product candidates, methods of use and manufacturing processes, and claims for potential future products and developments. As of December 31, 2023, our intellectual property portfolio includes, on a worldwide basis, 20 pending foreign patent applications relating to NC318, NC410, NC525 and LNCB74, two pending U.S. patent application relating to NC318, one pending U.S. patent application relating to NC410, one pending U.S. patent application relating to LNCB74, one U.S. patent application relating to NC525 and additional pending patent applications for other discovery and research programs. Patents resulting from our patent applications for NC318, NC410 and NC525, if issued, are expected to expire beginning in 2037 absent any patent term adjustments or extensions and for LNCB74, if issued, are expected to expire beginning in 2045 absent any patent term adjustments or extensions.

In addition, as described above, under the Yale Agreement, we have an exclusive, royalty-bearing, sublicensable worldwide license from Yale for an intellectual property portfolio, including among other things a patent relating to methods of use for S15 that covers the use of NC318 and a patent relating to our Functional, Integrated, NextCure Discovery (FIND) platform. These and any other patents that might issue from these licensed patent applications are expected to expire no earlier than 2036 absent any patent term adjustments or extensions.

For all patent applications, we determine strategy for claim scope on a case-by-case basis, taking into account advice of counsel and our business model and needs. We file patents containing claims for protection of all useful applications of our proprietary technologies and any products, as well as all new applications and/or uses we discover for existing technologies and products, based on our assessment of their strategic value. We continuously reassess the number and type of patent applications, as well as the pending and issued patent claims to ensure that maximum coverage and value are obtained for our processes and compositions, given existing patent office rules and regulations. Further, claims may be modified during patent prosecution to meet our intellectual property and business needs.

We also rely upon trade secrets, know-how and continuing technological innovation to develop and maintain our competitive position, including with respect to our FIND platform. We seek to protect our proprietary technology and processes, in part, by confidentiality and invention assignment agreements with our employees, consultants, scientific advisors and other contractors. In addition, in the ordinary course of our business, we enter into agreements with other third parties for non-exclusive rights to intellectual property directed to other technologies that are ancillary to our business, including laboratory information management software and research and development tools. In addition, we have trademark registrations with the U.S. Patent and Trademark Office, or the USPTO, for “NextCure” and our logo.

Government Regulation

Government Regulation and Product Approval

The FDA and other regulatory authorities at federal, state and local levels, as well as in foreign countries, extensively regulate, among other things, the research, development, testing, manufacture, quality control, import, export, safety, effectiveness, labeling, packaging, storage, distribution, recordkeeping, approval, advertising, promotion, marketing, post-approval monitoring and post-approval reporting of biological products. Along with third-party contractors, we will be required to navigate the various preclinical, clinical and commercial approval requirements of the governing regulatory agencies of the countries in which we intend to conduct studies or seek approval or licensure of our product candidates. The processes for obtaining regulatory approvals in the United States and in foreign jurisdictions, along with subsequent compliance with applicable laws and regulations and other regulatory authorities, require the expenditure of substantial time and financial resources.

Government policies may change, and additional government regulations may be enacted, that may prevent or delay further development or regulatory approval of any product candidates, product or manufacturing changes, additional disease indications or label changes. We cannot predict the likelihood, nature or extent of government regulation that might arise from future legislative or administrative action.

Review and Approval for Licensing Biologics in the United States

In the United States, the FDA regulates our current product candidates as biological products, or biologics, under the Federal Food, Drug, and Cosmetic Act, or “FDCA”, the Public Health Service Act and associated implementing regulations. Biologics, like other drugs, are used for the treatment, prevention or cure of disease in humans. In contrast to small molecular weight drugs, which have a well-defined structure and can be thoroughly characterized, biologics are generally derived from living material (human, animal or microorganism) are complex in structure, and thus are usually not fully characterized. Biologics include therapies for cancer and other diseases.

Biologics are also subject to other federal, state and local statutes and regulations. The failure to comply with applicable statutory and regulatory requirements at any time during the product development process, approval process or after approval may subject a sponsor or applicant to administrative or judicial enforcement actions. These actions could include the suspension or termination of clinical trials by the FDA, the FDA’s refusal to approve pending applications or supplemental applications, withdrawal of an approval, Warning Letters or Untitled Letters, product recalls, product seizures, total or partial suspension of production or distribution, import detention, injunctions, fines, refusals of

government contracts, restitution, disgorgement of profits, or civil or criminal investigations and penalties brought by the FDA, the Department of Justice, or the DOJ, or other governmental entities.

An applicant seeking approval to market and distribute a biologic in the United States must typically undertake the following:

- completion of non-clinical laboratory tests and animal studies performed in accordance with the FDA's good laboratory practice, or "GLP", regulations;
- manufacture, labeling and distribution of investigational drug in compliance with cGMP;
- submission to the FDA of an IND application, which must become effective before clinical trials may begin and must be updated annually or when significant changes are made;
- approval by an independent institutional review board, or "IRB", or ethics committee at each clinical site before each clinical trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with the FDA's current Good Clinical Practices requirements, or "cGCP", to establish the safety, purity and potency of the proposed biological product candidate for its intended purpose;
- preparation of and submission to the FDA of a biologics license application, or "BLA", after completion of all pivotal clinical trials requesting marketing approval for one or more proposed indications;
- obtain satisfactory completion of an FDA Advisory Committee review, where appropriate, as may be requested by the FDA to assist with its review;
- satisfactory completion of one or more FDA inspections of the manufacturing facility or facilities at which the proposed product, or certain components thereof, are produced to assess compliance with cGMP and data integrity requirements to assure that the facilities, methods and controls are adequate to preserve the biologic's identity, safety, quality, purity and potency;
- satisfactory completion of FDA audits of selected clinical investigation sites to assure compliance with cGCP requirements and the integrity of the clinical data;
- payment of user fees under the Prescription Drug User Fee Act for the relevant year;
- obtain FDA review and approval of the BLA to permit commercial marketing of the licensed biologic for particular indications for use in the United States; and
- compliance with post-approval requirements, including the potential requirements to implement a Risk Evaluation and Mitigation Strategy, or "REMS", adverse event and biological product deviation reporting and to complete any post-approval studies.

From time to time, legislation is drafted, introduced and passed in Congress that could significantly change the statutory provisions governing the testing, approval, manufacturing and marketing of products regulated by the FDA. In addition to new legislation, FDA regulations and policies are often revised or interpreted by the agency in ways that may significantly affect our business and our products. It is impossible to predict whether further legislative changes will be enacted or whether FDA regulations, guidance, policies or interpretations will be changed or what the effect of such changes, if any, may be.

Preclinical and Clinical Development

Before an applicant can begin testing the potential candidate in human subjects, the applicant must first conduct preclinical studies. Preclinical studies include laboratory evaluations of product chemistry, toxicity and formulation, as well as *in vitro* and animal studies to assess the potential safety and activity of the drug for initial testing in humans and to

establish a rationale for therapeutic use. Preclinical studies are subject to federal regulations and requirements, including GLP regulations. The results of an applicant's preclinical studies are submitted to the FDA as part of an IND.

An IND is a request for authorization from the FDA to administer an investigational new drug product to humans. An IND is an exemption from the FDCA that allows an unapproved drug to be shipped in interstate commerce for use in an investigational clinical trial. Such authorization must be secured prior to interstate shipment and administration of a biologic that is not the subject of an approved BLA. In support of a request for an IND, applicants must submit a protocol for each clinical trial. Any subsequent protocol amendments must be submitted to the FDA as part of the IND.

Human clinical trials cannot begin until an IND is effective. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises safety concerns or questions about the proposed clinical trial within the 30-day time period. In such a case, the IND may be placed on clinical hold and the IND sponsor and the FDA must resolve any outstanding concerns or questions before the clinical trial can begin. Submission of an IND therefore may or may not result in FDA authorization to begin a clinical trial.

The FDA may also place a clinical hold or partial clinical hold on such trial following commencement of a clinical trial under an IND. A clinical hold is an order issued by the FDA to the sponsor to delay a proposed clinical investigation or to suspend an ongoing investigation. A partial clinical hold is a delay or suspension of only part of the clinical work requested under the IND. For example, a specific protocol or part of a protocol is not allowed to proceed, while other protocols may do so. No more than 30 days after imposition of a clinical hold or partial clinical hold, the FDA will provide the sponsor a written explanation of the basis for the hold. Following issuance of a clinical hold or partial clinical hold, an investigation may only resume after the FDA has notified the sponsor that the investigation may proceed. The FDA will base that determination on information provided by the sponsor correcting the deficiencies previously cited or otherwise satisfying the FDA that the investigation can proceed.

Clinical trials involve the administration of the investigational product to human subjects under the supervision of qualified investigators in accordance with cGCP regulations, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the trial, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. A separate submission to the existing IND must be made for each successive clinical trial conducted during product development and for any subsequent protocol amendments.

A sponsor may choose, but is not required, to conduct a foreign clinical study under an IND. When a foreign clinical study is conducted under an IND, all FDA IND requirements must be met unless waived. When the foreign clinical study is not conducted under an IND, the sponsor must ensure that the study complies with cGCP regulations in order to use the study as support for an IND or application for marketing approval, including cGCP regulations, including review and approval by an independent ethics committee and informed consent from subjects.

Furthermore, an independent IRB for each site proposing to conduct the clinical trial must review and approve the plan for any clinical trial and its informed consent form before the clinical trial begins at that site and must monitor the trial until completed. Regulatory authorities, the IRB or the sponsor may suspend a clinical trial at any time on various grounds, including a finding that the subjects are being exposed to an unacceptable health risk or that the trial is unlikely to meet its stated objectives.

Some trials also include oversight by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board, or "DSMB". DSMBs provide recommendations for whether or not a trial may move forward at designated check points based on access to certain data from the trial and may recommend halting the clinical trial if it determines that there is an unacceptable safety risk for subjects or other grounds, such as no demonstration of efficacy. Other grounds for suspension or termination may be made based on evolving business objectives and/or competitive climate. There are also requirements governing the reporting of ongoing clinical trials and clinical trial results to public registries.

Clinical Trials

For purposes of BLA approval, clinical trials are typically conducted in the following sequential phases:

- Phase 1: The investigational product is initially introduced into healthy human subjects or patients with the target disease or condition. These trials are designed to test the safety, dosage tolerance, absorption, metabolism and distribution of the investigational product in humans and the side effects associated with increasing doses. These trials may also yield early evidence of effectiveness.

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

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

These phases may overlap or be combined. In some cases, the FDA may require, or companies may voluntarily pursue, additional clinical trials, after a product is approved, to gain more information about the product, referred to as Phase 4 trials. Such post-approval trials, when applicable, are conducted following initial approval, typically to develop additional data and information relating to the biological characteristics of the product and treatment of patients in the intended therapeutic indication.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and more frequently if serious adverse events occur. In addition, IND safety reports must be submitted to the FDA for any of the following: suspected serious and unexpected adverse reactions; findings from epidemiological studies, pooled analysis of multiple studies, animal or *in vitro* testing, or other clinical studies, whether or not conducted under an IND, and whether or not conducted by the sponsor, that suggest a significant risk in humans exposed to the drug; and any clinically important increase in the rate of a serious suspected adverse reaction over such rate listed in the protocol or investigator brochure.

Our ongoing and planned clinical trials may not be completed successfully within any specified period, or at all. Furthermore, the FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution, or an institution it represents, if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients. The FDA will typically inspect one or more clinical sites to assure compliance with cGCP and the integrity of the clinical data submitted.

During clinical development, the sponsor often refines the indication and endpoints on which the BLA will be based. For endpoints based on patient-reported outcomes, or "PROs", and outcome reported outcomes, or "OROs", the process typically is an iterative one. The FDA has issued guidance on the framework it uses to evaluate PRO instruments. Although the agency may offer advice on optimizing PRO and ORO instruments during the clinical development process, the FDA usually reserves final judgment until it reviews the BLA.

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

BLA Submission and Review

If an applicant successfully completes all required clinical testing in accordance with all applicable regulatory requirements, an applicant may submit a BLA requesting licensing to market the biologic for one or more indications in the United States. The BLA must include the results of product development, nonclinical studies and clinical trials; detailed information on the product's chemistry, manufacture, controls and proposed labeling. Under the Prescription Drug User Fee Amendments, a BLA submission is subject to an application user fee, unless a waiver or exemption applies. The cost of preparing and submitting a BLA is substantial. These fees are typically increased annually.

The FDA will initially review the BLA for completeness before accepting it for filing. Under the FDA's procedures, the agency has 60 days from its receipt of a BLA to determine whether the application will be accepted for filing and substantive review. If the agency determines that the application does not meet this initial threshold standard, the FDA may refuse to file the application and request additional information, in which case the application must be resubmitted with the requested information and review of the application delayed.

With certain exceptions, BLAs must include a pediatric assessment, generally based on clinical trial data, of the safety and effectiveness of the biologic in relevant pediatric populations. Under certain circumstances, the FDA may waive or defer the requirement for a pediatric assessment, either at the sponsor's request or by the agency's initiative.

After the BLA is accepted for filing, the FDA reviews the BLA to determine, among other things, whether a product is safe, pure and potent and if the facility in which it is manufactured, processed, packed or held meets standards designed to assure the product's continued identity, strength, quality, safety, purity and potency. The FDA may convene an advisory committee to provide clinical insight on application review questions. Before approving a BLA, the FDA will typically inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities comply with cGMP and are adequate to assure consistent production of the product within required specifications. In addition, the FDA expects that all data be reliable and accurate and requires sponsors to implement meaningful and effective strategies to manage data integrity risks. Data integrity is an important component of the sponsor's responsibility to ensure the safety, efficacy and quality of its product or products.

The FDA will typically inspect one or more clinical sites to assure compliance with cGCP regulations before approving a BLA. If the FDA determines that the application, manufacturing process or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional testing or information. Notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

FDA performance goals generally provide for action on a BLA within 10 months of filing, which (as discussed above) typically occurs within 60 days of submission, but that deadline is extended in certain circumstances. Furthermore, the review process is often significantly extended by the FDA's requests for additional information or clarification.

The FDA may refer applications for novel products or products that present difficult questions of safety or efficacy to an advisory committee. Typically, an advisory committee consists of a panel that includes clinicians and other experts who will review, evaluate and provide a recommendation as to whether the application should be approved and, if so, under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions and usually has followed such recommendations.

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

and/or require post-marketing studies and clinical trials. Even with submission of this additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

During the approval process, the FDA will determine whether a REMS is necessary to assure the safe use of the biologic. A REMS is a safety strategy to manage a known or potential serious risk associated with a product and to enable patients to have continued access to such medicines by managing their safe use, and could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. If the FDA concludes that a REMS is needed, the BLA sponsor must submit a proposed REMS and the FDA will not approve the BLA without a REMS that the agency has determined is acceptable.

If the FDA approves a product, it may limit the approved indications for use for the product, or require that contraindications, warnings or precautions be included in the product labeling. The FDA may also require that post-approval studies, including Phase 4 clinical trials, be conducted to further assess the drug's safety after approval. The FDA may prevent or limit further marketing of a product based on the results of post-market studies or surveillance programs.

The FDA may also require testing and surveillance programs to monitor the product after commercialization. For biologics, such testing may include official lot release, which requires the manufacturer to perform certain tests on each lot of the product before it is released for distribution. The manufacturer then typically must submit samples of each lot of product to the FDA, together with a release protocol showing a summary of the history of manufacture of the lot and the results of all of the manufacturer's tests performed on the lot. The FDA may also perform certain confirmatory tests on lots of some products itself, before releasing the lots for distribution by the manufacturer.

After approval, many types of changes to the approved product, such as adding new indications, manufacturing changes and additional labeling claims, are often subject to further testing requirements and FDA review and approval, depending on the nature of the post-approval change. The FDA may withdraw the product approval if compliance with pre- and post-marketing requirements is not maintained or if problems occur after the product reaches the marketplace.

Post-Approval Requirements

Any products manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to recordkeeping, periodic reporting, reporting of certain deviations and adverse experiences, product sampling and distribution and advertising and promotion of the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims, are subject to FDA review and approval. Biologic manufacturers and their third-party contractors are required to register their facilities with the FDA and certain state agencies. These facilities are subject to routine and periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP, post-marketing safety reporting and data integrity requirements, which impose certain procedural and documentation requirements to assure quality of manufacturing and product. FDA has increasingly observed cGMP violations involving data integrity during site inspections and is a significant focus of its oversight. Requirements with respect to data integrity include, among other things, controls to ensure data are complete and secure; activities documented at the time of performance; audit trail functionality; authorized access and limitations; validated computer systems; and review of records for accuracy, completeness and compliance with established standards.

Post-approval changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting requirements upon us and any third-party manufacturers that we may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP, data integrity, pharmacovigilance and other aspects of regulatory compliance.

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

- restrictions on the marketing or manufacturing of a product, complete withdrawal of the product from the market or product recalls;
- fines, Warning Letters, Untitled Letters or holds on post-approval clinical studies;
- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or revocation of existing product approvals;
- product seizure or detention, or refusal of the FDA to permit the import or export of products or Import Alert; or
- permanent injunctions and consent decrees, including the imposition of civil or criminal penalties.

The FDA strictly regulates the marketing, labeling, advertising and promotion of prescription drug and biological products placed on the market. A company can make only those claims relating to safety and efficacy, purity and potency that are approved by the FDA and in accordance with the provisions of the approved label. The FDA's regulation includes, among other things, standards and regulations for direct-to-consumer advertising, communications regarding unapproved uses, industry-sponsored scientific and educational activities and promotional activities involving the Internet and social media. Promotional claims relating to a product's safety or effectiveness are prohibited before the drug is approved. After approval, a product generally may not be promoted for uses that are not approved by the FDA, as reflected in the product's prescribing information. In the United States, healthcare professionals are generally permitted to prescribe drugs for such uses not described in the drug's labeling, known as off-label uses, because the FDA does not regulate the practice of medicine. However, FDA regulations impose rigorous restrictions on manufacturers' communications, prohibiting the promotion of off-label uses. It may be permissible, under very specific, narrow conditions, for a manufacturer to engage in non-promotional, non-misleading communication regarding off-label information, such as distributing scientific or medical journal information.

If a company is found to have promoted off-label uses, it may become subject to adverse public relations and administrative and judicial enforcement by the FDA, the DOJ or the Office of the Inspector General of the Department of Health and Human Services, or "HHS", as well as other federal and state authorities. This could subject a company to a range of penalties that could have a significant commercial impact, including civil, administrative, and criminal fines, penalties, and agreements that materially restrict the manner in which a company promotes or distributes products. The federal government has levied large civil, administrative, and criminal fines and penalties against companies for alleged improper promotion and has also requested that companies enter into consent decrees and permanent injunctions under which specified promotional conduct is changed or curtailed.

The distribution of prescription drug and biological products are subject to the Drug Supply Chain Security Act, or "DSCSA", which requires manufacturers and other stakeholders to comply with product identification, tracing, verification, detection and response, notification and licensing requirements. In addition, the Prescription Drug Marketing Act and its implementing regulations and state laws limit the distribution of prescription pharmaceutical product samples, and the DSCSA imposes requirements to ensure accountability in distribution and to identify and remove prescription drug and biological products that may be counterfeit, stolen, contaminated, or otherwise harmful from the market.

Patent Term Restoration

After approval, owners of relevant drug or biological product patents may apply for up to a five-year patent extension to restore a portion of patent term lost during product development and FDA review of a BLA under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Act. The allowable patent term extension is calculated as one-half of the product's testing phase, which is the time between IND and BLA submission, and all of the review phase, which is the time between BLA submission and approval, up to a maximum of

five years. The time can be shortened if the FDA determines that the applicant did not pursue approval with due diligence. The total patent term after the extension may not exceed more than 14 years from the date of FDA approval of the product. Only one patent claiming each approved product is eligible for restoration and the patent holder must apply for restoration within 60 days of approval. The USPTO, in consultation with the FDA, reviews and approves the application for patent term restoration.

For patents that might expire during the application phase, the patent owner may request an interim patent extension. An interim patent extension increases the patent term by one year and may be renewed up to four times. For each interim patent extension granted, the post-approval patent extension is reduced by one year. The director of the USPTO must determine that approval of the product candidate covered by the patent for which a patent extension is being sought is likely. Interim patent extensions are not available for a product candidate for which a BLA has not been submitted.

Biosimilars and Marketing Exclusivities

The Biologics Price Competition and Innovation Act, or "BPCIA," created an abbreviated approval pathway for biological product candidates shown to be highly similar to or interchangeable with an FDA licensed biological product. A biological product on which another biological product candidate's BLA relies to establish biosimilarity is known as a reference product. Biosimilarity sufficient to reference a prior FDA-approved product requires that the biological product candidate be highly similar to the reference product not withstanding minor differences in clinically inactive components, and there be no clinically meaningful differences between the biological product candidate and the reference product in terms of safety, purity and potency. Biosimilarity must be shown through analytical trials, animal trials and at least one clinical trial, unless the FDA waives a required element. A biosimilar product candidate may be deemed interchangeable with a prior approved product if it meets the higher hurdle of demonstrating that it can be expected to produce the same clinical results as the reference product and, for products administered multiple times, the biologic and the reference biologic may be switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biologic. Complexities associated with the larger, and often more complex, structures of biologics, as well as the process by which such products are manufactured, pose significant hurdles to implementation of the abbreviated approval pathway that are still being worked out by the FDA.

A reference biologic is granted 12 years of exclusivity from the time of first licensure of the reference product, and no application for a biosimilar can be submitted for four years from the date of licensure of the reference product. The first interchangeable biosimilar biological product has exclusivity against a finding of interchangeability for other biologics for the lesser of (i) one year after first commercial marketing of the first interchangeable biosimilar, (ii) 18 months after the first interchangeable biosimilar is approved if there is no patent challenge, (iii) 18 months after resolution of a lawsuit over the patents of the reference biologic in favor of the first interchangeable biosimilar applicant, or (iv) 42 months after the first interchangeable biosimilar's application has been approved if a patent lawsuit is ongoing within the 42 month period. State pharmacy laws and regulations govern whether products deemed "interchangeable" by the FDA will, in fact, be readily substituted by pharmacies, and may impose additional requirements such as notification of prescriber and/or patient, documentation and recordkeeping.

If a biologic is designated and approved for an orphan indication, it will be granted seven years of orphan drug exclusivity. An orphan indication is granted to biological products and drugs designated and approved to treat diseases or conditions affecting fewer than 200,000 individuals in the United States, or if there is no reasonable expectation that the sponsor will be able to recover the costs of developing and marketing the drug or biological product in the United States. During the seven-year exclusivity period, the FDA may not approve any other applications to market the same drug or biological product for the same disease, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity. A biosimilar may not be licensed by FDA for the protected orphan indication until after the expiration of the seven-year orphan drug exclusivity period or the 12-year reference product exclusivity, whichever is later.

Pediatric exclusivity adds an additional six-month exclusivity period to any marketing exclusivities and patents that a biological product has obtained. In order to obtain pediatric exclusivity, a BLA sponsor must conduct pediatric studies as requested by the FDA in a Written Request. The data do not need to show the product to be effective in the pediatric population studied; rather, if the clinical trial is deemed to fairly respond to the FDA's request, the additional protection is granted. If reports of requested pediatric studies are submitted to and accepted by the FDA within the statutory time limits, whatever statutory or regulatory periods of exclusivity or patent protection cover the product are extended by

six months. While pediatric exclusivity is not an actual extension on a patent term, it effectively extends the preclusive effect of the patent on FDA's authority to approve another application that relies on the product with pediatric exclusivity.

The BPCIA is complex and continues to be interpreted and implemented by the FDA. On December 20, 2019, President Trump signed into law H.R. 1865, the Further Consolidated Appropriations Act of 2020. The law includes significant provisions concerning the FDA's implementation of the BPCIA, such as clarifying that "chemically synthesized polypeptides" are no longer excluded from being regulated as biologics, while "peptides" (polymers composed of 40 or fewer amino acids) will continue to be regulated as drugs unless they otherwise meet the statutory definition of biological products. In addition, the Further Consolidated Appropriations Act of 2020 clarifies exclusivity and procedural issues related to certain biologics approved as drugs pursuant to new drug applications, or "NDAs", to be the subject of an approved BLA, or transition biological products. The law also incorporates provisions intended to reduce price and increase competitiveness in the pharmaceutical industry. The law amends the FDCA to create a private right of action against NDA or BLA holders that refuse to provide sufficient quantities of samples of an approved reference product to generic and biosimilar developers. In July 2018, the FDA released its Biosimilars Action Plan to improve the efficiency of the biosimilar and interchangeable product development and approval process. The Further Consolidated Appropriations Act of 2020 is consistent with FDA guidance documents issued in December 2018 that were intended to advance the agency's biosimilars policy framework. The implementation of the Further Consolidated Appropriations Act of 2020 and the ultimate impact of the agency's Biosimilars Action Plan are uncertain and may evolve over time through future laws and regulations and guidance provided by regulatory and governing bodies. In addition, there has been discussion of whether Congress should reduce the 12-year reference product exclusivity period. Other aspects of the BPCIA, some of which may impact the BPCIA exclusivity provisions, have been the subject of recent litigation. As a result, the ultimate implementation of the BPCIA is subject to significant uncertainty.

Regulation of Companion Diagnostics and Laboratory Developed Tests

A companion diagnostic is an *in vitro* diagnostic that can: identify the patients most likely to benefit from a particular therapeutic product; identify those likely to be at an increased risk for serious side effects; or monitor responses to treatment with a particular therapeutic product for the purpose of adjusting treatment to achieve improved safety or effectiveness. Under the FDCA, *in vitro* companion diagnostics are generally regulated as medical devices. The FDA has generally classified *in vitro* companion diagnostics as high-risk, Class III devices, which require FDA approval of a premarket approval application, or "PMA", but recognizes the possibility of a moderate-risk IVD companion diagnostic (*i.e.*, Class II device), which would require clearance of a 510(k) premarket notification or grant of a *de novo* request. Approval or clearance of the *in vitro* companion diagnostic device will ensure that the device has been adequately evaluated and has adequate performance characteristics in the intended population.

For those *in vitro* companion diagnostics that require PMA approval, the process involves gathering and submitting clinical and preclinical data on the device for review by the FDA. It involves a rigorous premarket review, during which the applicant must provide the FDA with reasonable assurance of the device's safety and effectiveness, as well as information regarding the device's design, manufacturing and labeling. In addition, the FDA will typically inspect the device manufacturer's facilities for compliance with the Quality System Regulation, which imposes testing, control, documentation and other quality assurance requirements.

The FDA has issued guidance on the approval of therapeutic products and *in vitro* companion diagnostic devices. According to the FDA's guidance, for novel therapeutic products including biologics, an *in vitro* companion diagnostic device and its corresponding therapeutic should be approved or cleared contemporaneously by the FDA for the use indicated in the therapeutic product's labeling.

In some cases, information from a diagnostic test may be useful to a prescriber, but not necessary for the safe and effective administration of the therapeutic product. In those cases, health care providers may employ information derived from a complementary diagnostic test such as a laboratory developed test, or "LDT", when administering a therapeutic product. An LDT is a type of *in vitro* diagnostic test that is designed, manufactured and used within a single laboratory. LDTs can be used to measure or detect a wide variety of analytes (substances such as proteins, chemical compounds like glucose or cholesterol, or DNA), in a sample taken from a human body.

The Centers for Medicare and Medicaid Services, or "CMS", regulates LDTs and the laboratories that develop them, and enforces the Clinical Laboratories Improvement Amendments, or "CLIA". CMS evaluates whether there is clinical utility for each specific test, and also performs post-market oversight of laboratory operational processes. CMS's

oversight through the CLIA program is designed to confirm that a lab assesses analytical validity but does not confirm whether it had results from an analytical validity assessment that were sufficient to support the claimed intended use of the test.

Historically, the FDA has generally not enforced premarket review and other FDA requirements on LDTs because LDTs were relatively simple lab tests and generally available on a limited basis. Due to advances in technology, however, some LDTs are now much more complex, have a nationwide reach and present higher risks, such as detection of risk for breast cancer and Alzheimer's disease, which are similar to those of other IV *in vitro* diagnostics that have undergone premarket review.

In 2023, FDA announced a proposed rule that would explicitly assert that *in vitro* diagnostic products (IVDs) are devices under the FDCA, including when the manufacturer of the IVD is a laboratory. Along with this amendment, the FDA proposed a policy under which the FDA would provide greater oversight of LDTs through a phaseout of its general enforcement discretion approach for most LDTs. Future language in the final rule may further alter the regulation of IVDs.

New laws, regulations or changes to existing laws, regulations and policies may result in changes to the requirements for LDTs or *in vitro* diagnostic devices and to the FDA's compliance and enforcement policies.

Healthcare Regulation

Pharmaceutical Coverage and Reimbursement

Our ability to successfully commercialize any of our product candidates for which we may receive regulatory approval will depend in significant part on the availability of coverage and reimbursement from third-party payors, including governmental healthcare programs, such as the Medicare and Medicaid programs in the U.S., private health insurers, managed care organizations, and other entities. Third-party payors may limit coverage to specific products on an approved list, or formulary, which might not include one or more of our product candidates. Third-party payors, together with regulators and others, are increasingly challenging the prices charged for pharmaceutical products and related services, in addition to their cost-effectiveness, safety and efficacy.

No uniform policy for coverage and reimbursement exists in the United States. Though we expect our initial product offering to be covered under Medicare Part B, and third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own coverage and reimbursement policies, payors have their own methods and approval processes apart from Medicare determinations. Therefore, the availability and scope of coverage, as well as reimbursement rates can vary significantly from payor to payor. The marketability of any products for which we may receive regulatory approval for commercial sale depends on these payors' coverage policies and reimbursement rates.

Moreover, obtaining coverage and adequate reimbursement is a time-consuming and costly process. We may be required to provide scientific and clinical support for the use of any product to each third-party payor separately with no assurance that approval will be obtained, and we may need to conduct expensive pharmacoeconomic studies in order to demonstrate the cost-effectiveness of our products. We cannot be certain that our product candidates will be considered cost-effective by third-party payors. This process could delay the market acceptance of any product candidates for which we may receive approval and could have a negative effect on our future revenues and operating results.

Other U.S. Healthcare Laws and Compliance Requirements

In the United States, our business is subject to healthcare fraud and abuse regulation and enforcement by both the federal government and the states in which we conduct our business, particularly once third-party reimbursement becomes available for one or more of our products. The healthcare fraud and abuse laws and regulations that may affect our ability to operate include but are not limited to:

- The federal Anti-Kickback Statute is a criminal law that prohibits any person or entity from, among other things, knowingly and willfully soliciting, receiving, offering, providing, or paying any remuneration (including any kickback or bribe), directly or indirectly, overtly or covertly, in cash or in kind, to induce, or in return for, either the referral of an individual, or the purchase, lease, order, arranging for or recommending the purchase, lease, or order of any item or service for which payment may be made, in whole or in part, under federal healthcare programs, like Medicare or Medicaid. A person or entity can be found guilty of

violating the statute without actual knowledge of the statute or specific intent to violate it. The federal Anti-Kickback Statute has been interpreted to apply, for example, to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers, and formulary managers on the other, including, for example, consulting/speaking arrangements, discount and rebate offers, grants, charitable contributions, and patient support offerings, among others. A conviction for violation of the federal Anti-Kickback Statute can result in criminal fines and/or imprisonment and requires mandatory exclusion from participation in federal health care programs. Exclusion may also be imposed if the government determines that an entity has committed acts that are prohibited by the federal Anti-Kickback Statute. Although there are a number of statutory exceptions and regulatory safe harbors to the federal Anti-Kickback Statute protecting certain common business arrangements and activities from prosecution or regulatory sanctions, the exceptions and safe harbors are drawn narrowly. Practices that involve remuneration to those who prescribe, purchase, or recommend pharmaceutical and biological products that are not designed to fit squarely within an exception or safe harbor are evaluated based on the specific facts and circumstances and are typically subject to increased scrutiny. Our practices may not in all cases meet all of the criteria for safe harbor protection from Anti-Kickback Statute liability.

- The federal civil and criminal false claims laws and civil monetary penalty laws, including the civil False Claims Act, or "FCA", which prohibits anyone from, among other things: (i) knowingly presenting, or causing to be presented, claims for payment of government funds that are false or fraudulent; (ii) knowingly making, or using or causing to be made or used, a false record or statement material to a false or fraudulent claim; (iii) knowingly making, using or causing to made or used a false record or statement material to an obligation to pay money to the government; or (iv) knowingly concealing or knowingly and improperly avoiding, decreasing, or concealing an obligation to pay money to the federal government. Private individuals, commonly known as "whistleblowers," can bring FCA qui tam actions, on behalf of the government and may share in amounts paid by the defendant to the government in recovery or settlement. Pharmaceutical companies have been investigated and/or subject to government enforcement actions asserting liability under the FCA in connection with their alleged off-label promotion of drugs, purportedly concealing price concessions in the pricing information submitted to the government for government price reporting purposes, and allegedly providing free product to customers with the expectation that the customers would bill federal healthcare programs for the product, among other things. In addition, a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the FCA. Moreover, manufacturers can be held liable under the FCA even though they, in most cases, do not submit claims directly to government payors if they are deemed to "cause" the submission of false or fraudulent claims. FCA liability is potentially significant in the healthcare industry because the statute provides for treble damages and significant mandatory penalties per false or fraudulent claim or statement for violations. Such per-claim penalties are currently set at $13,946 to $27,894 per false claim for penalties assessed after January 15, 2024 with respect to violations occurring after November 2, 2015. Criminal penalties, including imprisonment and criminal fines, are also possible for making or presenting a false, fictitious or fraudulent claim to the federal government;

- The federal Health Insurance Portability and Accountability Act of 1996, or "HIPAA", which, among other things, prohibits knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors, and prohibits (i) knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement or representation and (ii) making or using any false writing or document knowing the same to contain any materially false, fictitious or fraudulent statement or entry in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity can be found guilty of violating the HIPAA fraud provisions without actual knowledge of the statute or specific intent to violate it;

- HIPAA, the Health Information Technology for Economic and Clinical Health Act, or "HITECH Act", and HIPPAA's implementing regulations, and certain state and local laws impose requirements relating to the privacy, security and transmission of individually identifiable health information held by covered entities, including health plans, healthcare clearinghouses and certain healthcare providers, and their business associates, individuals or entities that perform certain services on behalf of a covered entity that involve the use or disclosure of individually identifiable health information. HIPAA includes several tiers of civil monetary penalties as well as criminal penalties. In addition, state attorneys general have authority to file

civil actions for damages or injunctions in federal courts to enforce HIPAA and seek attorneys' fees and costs associated with pursuing federal civil actions. Research institutions that we collaborate with and healthcare providers who may prescribe our products, once commercialized, are subject to privacy and security requirements under HIPAA. The Department of Health and Human Services Office for Civil Rights (OCR) has recently increased its enforcement efforts on compliance with HIPAA, including the security regulations (Security Rule), bringing actions against entities which have failed to implement security measures sufficient to reduce risks to electronic protected health information or to conduct an accurate and thorough risk analysis, among other violations. Although we are not directly subject to HIPAA other than with respect to providing certain employee benefits, we could potentially be subject to criminal penalties if we, our affiliates or our agents knowingly obtain or disclose individually identifiable health information maintained by a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA;

- Numerous other federal and state laws and regulations that also govern the privacy and security of individually identifiable health information, including state data breach notification laws, state health information or genetic privacy laws, and federal and state consumer protection laws such as Section 5 of the Federal Trade Commission, or "FTC", Act and the California Consumer Privacy Act, or "CCPA". The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used by requiring covered companies to provide new disclosures to California consumers (as that term is broadly defined) and provide such consumers new ways to opt-out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. Although there are certain exemptions for personal information subject to HIPAA and personal data collected in a clinical trial context, the CCPA's implementation standards and enforcement practices may increase our compliance costs and potential liability. Additionally, a California ballot initiative, the California Privacy Rights Act, or "CPRA", passed in November 2020, and went into effect on January 1, 2023. The CPRA will impose additional data protection obligations on companies doing business in California, including additional consumer rights processes, limitations on data uses, new audit requirements for higher risk data, and opt outs for certain uses of sensitive data. It also created a new California data protection agency authorized to issue substantive regulations and could result in increased privacy and information security enforcement. Additional compliance investment and potential business process changes may be required. Laws similar to the California laws have passed in states such as Virginia and Colorado, and comparable laws have been proposed in other states and at the federal level that may ultimately have conflicting requirements that would further complicate compliance and adversely affect our business.

- The FTC and many state attorneys general are interpreting existing federal and state consumer protection laws to impose evolving standards for the collection, use, dissemination and security of health-related and other personal information. For instance, the FTC has promulgated standards for fair information practices, which concern consumer notice, choice, security and access, and also require notice of certain health information breaches outside the HIPAA context. Consumer protection laws require us to publish statements that describe how we handle personal information and choices individuals may have about the way we handle their personal information. Violating consumers' privacy rights, publishing untrue information about security practices, or failing to take appropriate steps to keep consumers' personal information secure may constitute unfair or deceptive acts or practices in violation of Section 5 of the FTC Act. Additionally, the FTC recently published an advance notice of proposed rulemaking on commercial surveillance and data security and is seeking comment on whether it should implement new trade regulation rules or other regulatory alternatives concerning the ways in which companies (1) collect, aggregate, protect, use, analyze, and retain consumer data, as well as (2) transfer, share, sell, or otherwise monetize that data in ways that are unfair or deceptive. Federal regulators, state attorneys general and plaintiffs' attorneys have been and will likely continue to be active in this space, and if we do not comply with existing or new laws and regulations related to patient health information, we could be subject to criminal or civil sanctions.

- In addition, some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of research activities. These laws and regulations, as well as any associated claims, inquiries, investigations or any other government actions may lead to unfavorable outcomes including increased compliance costs, delays or impediments in the development of new products, negative publicity,

increased operating costs, diversion of management time and attention and remedies that harm our business, including fines or demands or orders that we modify or cease existing business practices.

- The federal Physician Payments Sunshine Act, implemented as the Open Payments Program, which requires manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions), among others, to track and report annually to CMS information related to direct or indirect payments and other transfers of value they make to U.S.-licensed physicians (defined to include doctors, dentists, optometrists, podiatrists and licensed chiropractors), physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists, anesthesiology assistants, certified nurse-midwives, and U.S. teaching hospitals, as well as tracking and reporting of ownership and investment interests held in a company by U.S.-licensed physicians and their immediate family members.

- Analogous U.S. state and local laws and regulations, such as state anti-kickback and false claims laws, which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers; state laws that restrict the ability of manufacturers to offer co-pay support to patients for certain prescription drugs, including information pertaining to and justifying price increases; prohibit prescription drug price gouging; or impose payment caps on certain pharmaceutical products deemed by the state to be "high cost"; state laws that require drug manufacturers to report information related to clinical trials, or information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; state laws that require drug manufacturers to report information on the pricing of certain drugs; state laws and local ordinances that require identification or licensing of sales representatives; and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

We will be required to spend substantial time and money to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations. Even then, governmental authorities may conclude that our business practices do not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If governmental authorities find that our operations violate any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement, individual imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid, and additional reporting obligations and oversight if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws, and we may be required to curtail or restructure our operations. Moreover, we expect that there will continue to be federal and state laws and regulations, proposed and implemented, that could impact our operations and business. In addition, the approval and commercialization of any product candidate we develop outside the United States will also likely subject us to foreign equivalents of the healthcare laws mentioned above, among other foreign laws. The extent to which future legislation or regulations, if any, relating to health care fraud and abuse laws or enforcement, may be enacted or what effect such legislation or regulation would have on our business remains uncertain.

Healthcare Reform

There have been and continue to be a number of healthcare-related legislative and regulatory initiatives and reforms in the United States that significantly affect the pharmaceutical industry. For example, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively, the "ACA," was passed in March 2010, and substantially changed the way healthcare is financed by both governmental and private insurers and significantly impacted the U.S. pharmaceutical industry. Among other things, the ACA: subjects biologics to potential competition by lower-cost biosimilars; addresses a methodology through which rebates owed by manufacturers under the Medicaid Drug Rebate Program, or "MDRP," are calculated for covered outpatient drugs that are inhaled, infused, instilled, implanted or injected; increases the minimum Medicaid rebates owed by manufacturers under the MDRP and extends the rebate program to individuals enrolled in Medicaid managed care organizations; and establishes annual fees and taxes on manufacturers of certain branded prescription drugs.

The ACA and certain of its provisions have been subject to judicial challenges as well as legislative and regulatory efforts to repeal or replace them or to alter their interpretation or implementation. For example, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, bills affecting the implementation of certain taxes under the ACA have been signed into law. The Tax Cuts and Jobs Act of 2017, or the "Tax Act," includes a provision that repealed the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year, commonly referred to as the "individual mandate." CMS rules issued in 2018 permit further collections and payments to and from certain ACA-qualified health plans and health insurance issuers under the ACA risk adjustment program. The Further Consolidated Appropriations Act of 2020 fully repealed the ACA's "Cadillac Tax" on certain high-cost employer-sponsored insurance plans and, effective in 2021, the annual fee imposed on certain health insurance providers based on market share. On March 11, 2021, Congress enacted the American Rescue Plan Act of 2021, which included among its provisions a sunset of the ACA's cap on pharmaceutical manufacturers' rebate liability under the Medicaid Drug Rebate Program. Under the ACA, manufacturers' rebate liability was capped at 100% of the average manufacturer price for a covered outpatient drug. Effective January 1, 2024, manufacturers' MDRP rebate liability will no longer be capped, potentially resulting in a manufacturer paying more in MDRP rebates than it receives on the sale of certain covered outpatient drugs. The American Rescue Plan Act also temporarily increased premium tax credit assistance for individuals eligible for subsidies under the ACA for 2021 and 2022 and removed the 400% federal poverty level limit that otherwise applies for purposes of eligibility to receive premium tax credits. In the future, there may be additional challenges and/or amendments to the ACA.

On June 17, 2021, the U.S. Supreme Court dismissed a legal challenge to the ACA brought by several states arguing that, without the individual mandate, the entire ACA was unconstitutional. The Supreme Court dismissed the lawsuit without ruling on the merits of the states' constitutionality arguments. It is unclear how future litigation and the healthcare reform measures of the Biden administration will impact the ACA and our business.

Additionally, there has been increasing legislative and enforcement interest in the United States with respect to specialty drug pricing practices. Specifically, several U.S. Congressional inquiries and proposed and enacted pieces of federal and state legislation have been designed to, among other things: bring more transparency to drug pricing; reduce the cost of prescription drugs under government payor programs; review the relationship between pricing and manufacturer patient programs; and reform government program reimbursement methodologies for drugs. Policymakers have also indicated that they will continue to seek legislative and administrative measures to control drug costs. For example, in August 2022, President Biden signed into law the Inflation Reduction Act of 2022 ("IRA"), which implements substantial changes to the Medicare program, including drug pricing reforms and the creation of new Medicare inflation rebates. Namely, the IRA imposes inflation rebates on drug manufacturers for products reimbursed under Medicare Parts B and D if the prices of those products increase faster than inflation; implements changes to the Medicare Part D benefit that, beginning in 2025, will cap beneficiary annual out-of-pocket spending at $2,000, while imposing new discount obligations for pharmaceutical manufacturers; and, beginning in 2026, establishes a "maximum fair price" for a fixed number of high expenditure pharmaceutical and biological products covered under Medicare Parts B and D following a price negotiation process with CMS. CMS has also taken steps to implement the IRA, including: on June 30, 2023, issuing guidance detailing the requirements and parameters of the first round of price negotiations, to take place during 2023 and 2024, for products subject to the "maximum fair price" provision that would become effective in 2026; on August 29, 2023, releasing the initial list of ten drugs subject to price negotiations; on November 17, 2023, releasing guidance outlining the methodology for identifying certain manufacturers eligible to participate in a phase-in period where discounts on applicable products will be lower than those required by the Medicare Part D Manufacturer Discount Program; and on December 14, 2023, releasing a list of 48 Medicare Part B products that had an adjusted coinsurance rate based on the inflationary rebate provisions of the IRA for the time period of January 1, 2024 to March 31, 2024. While it remains to be seen how the drug pricing provisions imposed by the IRA will affect the broader pharmaceutical industry, several pharmaceutical manufacturers and other industry stakeholders have challenged the law, including through lawsuits brought against the U.S. Department of Health and Human Services, the Secretary of the U.S. Department of Health and Human Services, CMS, and the CMS Administrator challenging the constitutionality and administrative implementation of the IRA's drug price negotiation provisions.

There have also been administrative developments in the U.S. related to drug pricing. On February 2, 2022, the Biden administration signaled its continued commitment to the Cancer Moonshot initiative, which was initially launched in 2016. In its announcement, the administration noted that its new goals under the initiative include addressing inequities in order to ensure broader access to cutting-edge cancer therapeutics and investing in a robust pipeline for new treatments. In alignment with President Biden's Cancer Moonshot initiative, on June 27, 2023, the Center for Medicare Innovation at

CMS announced a new model, the Enhancing Oncology Model, that is designed to make high-quality cancer care more affordable to both patients and Medicare. In addition, on October 14, 2022, President Biden issued an Executive Order on Lowering Prescription Drug Costs for Americans, which instructed the Secretary of the Department of Health and Human Services to consider whether to select for testing by the CMS Innovation Center new health care payment and delivery models that would lower drug costs and promote access to innovative drug therapies for beneficiaries enrolled in the Medicare and Medicaid programs. On February 14, 2023, the Department of Health and Human Services issued a report in response to the October 14, 2022, Executive Order, which, among other things, selects three potential drug affordability and accessibility models to be tested by the CMS Innovation Center. Specifically, the report addresses: (1) a model that would allow Part D Sponsors to establish a "high-value drug list" setting the maximum out-of-pocket costs for certain common generic drugs at $2 per month per drug; (2) a Medicaid-focused model that would establish a partnership between CMS, manufacturers, and state Medicaid agencies that would result in multi-state outcomes-based agreements for certain cell and gene therapy drugs; and (3) a model that would adjust Medicare Part B payment amounts for Accelerated Approval Program drugs to advance the developments of novel treatments. It remains to be seen how these drug pricing initiatives will affect the broader pharmaceutical industry.

Individual states in the United States have also increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement limitations, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs.

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

Human Capital Resources

As of December 31, 2023, we had 82 full-time employees. Based on the announced restructuring of our operations, we plan to have 51 full-time employees as of March 21, 2024. This reduction will primarily occur in our manufacturing operations, but also will impact areas of discovery, research, development, clinical, and general administrative.

Our success depends upon our ability to retain and attract highly qualified management and technical personnel. We consider the intellectual capital of our employees to be an essential driver of our business and key to our future prospects. Recruiting and retaining qualified employees, consultants and advisors for our business, including scientific and technical personnel, is critical to our success. Competition for skilled personnel is intense and the turnover rate can be high in our industry and we continue to monitor our turnover rate and the overall supply of skilled labor in the market. We also monitor our compensation programs closely and provide what we consider to be a competitive mix of compensation and benefits for our employees, as well as participation in our equity programs. None of our employees are subject to a collective bargaining agreement or represented by a trade or labor union.

Corporate Information and Access to SEC Reports

We were incorporated in Delaware in September 2015. Our primary executive offices are located at 9000 Virginia Manor Road, Suite 200, Beltsville, Maryland 20705 and our telephone number is (240) 399-4900. We make available, free of charge, on our website at *www.nextcure.com*, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to such reports as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. The contents of our website are not incorporated into this Annual Report.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below together with all of the other information in this Annual Report, including our financial statements and the related notes and the information described in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," before deciding whether to invest in our common stock. If any of the events described below actually occurs, our business, results of operations, financial conditions, cash flows or prospects could be harmed. If that were to happen, the trading price of our common stock could decline, and you could lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.

Risks Related to Our Financial Position and Need for Additional Capital

We have a limited operating history and no products approved for commercial sale. We have a history of significant losses, expect to continue to incur significant losses for the foreseeable future and may never achieve or maintain profitability.

We are a clinical-stage biopharmaceutical company with a limited operating history. Since our founding in 2015, we have incurred significant net losses. Our net losses were $62.7 million and $74.7 million for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, we had an accumulated deficit of $324.5 million. We have funded our operations to date primarily with proceeds from public offerings of our common stock, private placements of our preferred stock and upfront fees received under the Lilly Agreement, which was terminated effective March 2020. Since commencing operations, we have devoted substantially all of our efforts and financial resources to organizing and staffing our company, identifying business development opportunities, raising capital, securing intellectual property rights related to our product candidates, building and optimizing our manufacturing capabilities and conducting discovery, research and development activities for our product candidates.

We expect that it will be several years, if ever, before we have a commercialized product. We expect to continue to incur significant expenses and operating losses for the foreseeable future. The net losses we incur may fluctuate significantly from year to year. We anticipate that our expenses will increase substantially if, and as, we:

- continue to advance the preclinical and clinical development of our existing product candidates and our research programs;
- seek regulatory approvals for any product candidates that successfully complete clinical trials;
- source cGMP manufacture of drug supply necessary for any future, including late stage, clinical trials;
- hire additional clinical, quality control, regulatory, scientific and administrative personnel;
- expand our operational, financial and management systems and increase personnel, including to support our clinical development, manufacturing and commercialization efforts and our operations as a public company;
- maintain, expand and protect our intellectual property portfolio;
- establish a marketing, sales, distribution and medical affairs infrastructure to commercialize any products for which we may obtain marketing approval and commercialize, whether on our own or jointly with a partner;
- acquire or in-license other technologies or engage in strategic partnerships; and
- incur additional legal, accounting or other expenses in operating our business.

To become and remain profitable, we, whether on our own or jointly with any potential future collaborator, must develop and eventually commercialize products with significant market potential. We will need to be successful in a range of challenging activities, including completing preclinical studies and clinical trials, obtaining marketing approval for product candidates, manufacturing, marketing and selling products and satisfying any post-marketing requirements. We

may never succeed in any or all of these activities and, even if we do, we may never generate revenue that is significant or large enough to achieve profitability. If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would decrease the value of our company and could impair our ability to raise capital, maintain our research and development efforts, expand our business or continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

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

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

- completing preclinical studies and clinical trials of our product candidates, including our ongoing Phase 1/2 clinical trial for NC410;
- seeking and obtaining marketing approvals for any product candidates that we or our collaborators develop;
- receiving acceptance of INDs for future product candidates;
- identifying and developing new product candidates;
- launching and commercializing product candidates for which we obtain marketing approval by establishing a marketing, sales, distribution and medical affairs infrastructure or, alternatively, collaborating with a commercialization partner;
- achieving coverage and adequate reimbursement by hospitals and third-party payors, including governmental authorities, such as Medicare and Medicaid, private insurers and managed care organizations, for product candidates, if approved, that we or our collaborators develop;
- manufacturing cGMP supply of our product candidates for clinical trials and, if approved, commercial sales;
- obtaining market acceptance of product candidates, if approved, that we develop as viable treatment options;
- addressing any competing technological and market developments;
- negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter and performing our obligations under such arrangements;
- maintaining, protecting and expanding our portfolio of intellectual property rights, including patents, trade secrets and know-how;
- defending against third-party interference or infringement claims, if any; and
- attracting, hiring and retaining qualified personnel.

We anticipate incurring significant costs associated with commercializing any product candidate that is approved for commercial sale. Our expenses could increase beyond expectations if we are required by the FDA or other regulatory agencies to perform clinical trials or studies in addition to those that we currently anticipate. Even if we are able to generate revenue from the sale of any approved products, we may not become profitable and may need to obtain additional funding to continue operations.

We will require substantial additional financing to pursue our business objectives, which may not be available on acceptable terms, or at all. A failure to obtain this necessary capital when needed could force us to delay, limit, reduce or terminate our product development, commercialization efforts or other operations.

Our operations have consumed substantial amounts of cash since inception. We expect to continue to spend substantial amounts to continue the preclinical and clinical development of our current and future programs. If we receive marketing approval for any product candidates, including NC410, or LNCB74 we will require significant additional amounts of cash in order to launch and commercialize such product candidates. In addition, other unanticipated costs may arise. Because the designs and outcomes of our planned and anticipated clinical trials are highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully complete the development of and commercialize any product candidate we develop.

Our future capital requirements depend on many factors, including:

- the scope, progress, timing, results and costs of researching and developing NC410, LNCB74 and our other product candidates, and of conducting preclinical studies and clinical trials;
- the timing of, and the costs involved in, obtaining marketing approval for NC410, LNCB74 and any future product candidates we develop, if clinical trials are successful;
- the costs of manufacturing NC410, LNCB74 and any future product candidates for preclinical studies and clinical trials and in preparation for marketing approval and commercialization;
- the costs of commercialization activities, including marketing, sales and distribution costs, for NC410, LNCB74 and any future product candidates we develop, whether alone or with a collaborator, if any of these product candidates are approved for sale;
- our ability to establish and maintain additional strategic collaborations, licensing or other arrangements on favorable terms, if at all;
- the costs involved in preparing, filing, prosecuting, maintaining, expanding, defending and enforcing patent claims, including litigation costs and the outcome of any such litigation;
- our current collaboration and license agreements remaining in effect and our achievement of milestones and the timing and amount of milestone payments we are required to make, or that we may be eligible to receive, under those agreements;
- the timing, receipt and amount of sales of, or royalties on, our future products, if any; and
- the emergence of competing therapies and other developments in the oncology market.

Unless and until we generate sufficient product and royalty revenue to finance our cash requirements, we expect to finance our future cash needs through a combination of public or private equity offerings, debt financings, marketing and distribution arrangements, other collaborations, strategic alliances and licensing arrangements. As of December 31, 2023, we had $108.3 million in cash, cash equivalents and marketable securities. Based on our research and development plans, we expect that our existing cash, cash equivalents and marketable securities will enable us to fund our operating expenses and capital expenditure requirements into the second half of 2026. This estimate is based on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we expect. Changes may occur within or beyond our control that would cause us to consume our available capital before that time, including changes in and progress of our development activities, acquisitions of additional product candidates and changes in regulation.

If we raise additional capital through marketing, sales and distribution arrangements or other collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish certain valuable rights to our product candidates, future revenue streams, research programs or technologies or grant licenses on terms that may not be favorable to us. If we raise additional capital through public or private equity offerings, the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights. Further, to the extent that we raise

additional capital through the sale of common stock or securities convertible or exchangeable into common stock, your ownership interest will be diluted. If we raise additional capital through debt financing, we would be subject to fixed payment obligations and may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

Adequate additional financing may not be available to us on acceptable terms, or at all. If we are unable to obtain additional financing on favorable terms when needed, we may be required to delay, limit, reduce or terminate preclinical studies, clinical trials, or other research and development activities or one or more of our development programs.

Risks Related to the Discovery and Development of Our Product Candidates

As an organization, we have limited experience designing and implementing clinical trials, and we have never conducted pivotal clinical trials. Failure to adequately design a trial, or incorrect assumptions about the design of the trial, could adversely affect the ability to initiate the trial, enroll patients, complete the trial, or obtain regulatory approval on the basis of the trial results, as well as lead to increased or unexpected costs and in delayed timelines.

The design and implementation of clinical trials is a complex process. We have limited experience designing and implementing clinical trials, and we may not successfully or cost-effectively design and implement clinical trials that achieve our desired clinical endpoints efficiently, or at all. A clinical trial that is not well designed may delay or prevent initiation or completion of the trial, can lead to increased difficulty in enrolling patients, may make it more difficult to obtain regulatory approval for the product candidate on the basis of the study results, or, even if a product candidate is approved, could make it more difficult to commercialize the product successfully or obtain reimbursement from third-party payors. Additionally, a trial that is not well-designed could be inefficient or more expensive than it otherwise would have been, or we may incorrectly estimate the costs to implement the clinical trial, which could lead to a shortfall in funding. If we select an incorrect dose or dose administration schedule, that could negatively impact the results of the trial, including if we select doses that are too low to be effective or administer doses too infrequently based on the half-life of the active ingredient. We also expect to continue to rely on third parties to conduct our pivotal clinical trials (see "Risks Related to Reliance on Third Parties"). We rely, or will rely, on third parties to help conduct our ongoing and planned preclinical studies and clinical trials for NC410, NC525, LNCB74 and any future product candidates we develop. If these third parties do not successfully carry out their contractual duties, comply with regulatory requirements or meet expected deadlines, we may not be able to obtain marketing approval for or commercialize NC410, NC525, LNCB74 and any future product candidates we develop, and our business could be materially harmed. Consequently, we may be unable to successfully and efficiently execute and complete clinical trials that are required for BLA submission and FDA approval of NC410, NC525, LNCB74 or future product candidates. We may require more time and incur greater costs than our competitors and may not succeed in obtaining regulatory approvals of product candidates that we develop.

Our business is dependent on our ability to advance our current and future product candidates through clinical trials, obtain marketing approval and ultimately commercialize them.

We are early in our development efforts. We initiated our first clinical trial for NC410 in June 2020, and plan to file our LNCB74 IND by year end 2024. Our ability to generate product revenues, which we do not expect will occur for several years, if ever, will depend heavily on the successful development and eventual commercialization of NC410, LNCB74 and any future product candidates we develop, which may never occur. Our current product candidates and any future product candidates we develop will require additional preclinical or clinical development, management of clinical, preclinical and manufacturing activities, marketing approval in the United States and other jurisdictions, demonstration of effectiveness to pricing and reimbursement authorities, sufficient cGMP manufacturing supply for both preclinical and clinical development and commercial production, building of a commercial organization and substantial investment and significant marketing efforts before we generate any revenues from product sales.

The clinical and commercial success of our current and future product candidates will depend on several factors, including the following:

- timely and successful completion of preclinical studies and our clinical trials;
- sufficiency of our financial and other resources to complete the necessary preclinical studies and clinical trials;

- acceptance of INDs for any future product candidates;
- successful enrollment in and completion of clinical trials;
- successful data from our clinical program that supports an acceptable risk-benefit profile of our product candidates in the intended patient populations;
- our ability to consistently manufacture our product candidates on a timely basis or to establish agreements with third-party manufacturers, if needed;
- whether we are required by the FDA or comparable foreign regulatory authorities to conduct additional clinical trials or other studies beyond those planned or anticipated to support approval of our product candidates;
- acceptance of our proposed indications and the primary endpoint assessments evaluated in the clinical trials of our product candidates by the FDA and comparable foreign regulatory authorities;
- receipt and maintenance of timely marketing approvals from applicable regulatory authorities;
- successfully launching commercial sales of our product candidates, if approved;
- the prevalence, duration and severity of potential side effects or other safety issues experienced with our product candidates, if approved;
- entry into collaborations to further the development of our product candidates;
- obtaining and maintaining patent and trade secret protection or regulatory exclusivity for our product candidates;
- acceptance of the benefits and uses of our product candidates, if approved, by patients, the medical community and third-party payors;
- maintaining a continued acceptable safety, tolerability and efficacy profile of the product candidates following approval;
- our compliance with any post-approval requirements imposed on our products, such as post-marketing studies, a REMS or additional requirements that might limit the promotion, advertising, distribution or sales of our products or make the products cost-prohibitive;
- competing effectively with other therapies;
- obtaining and maintaining healthcare coverage and adequate reimbursement from third-party payors;
- our ability to identify targets and therapies, through our collaborative relationships, or otherwise; and
- enforcing and defending intellectual property rights and claims.

These factors, many of which are beyond our control, could cause us to experience significant delays or an inability to obtain regulatory approvals or commercialize our current or future product candidates, and could otherwise materially harm our business. Successful completion of preclinical studies and clinical trials does not mean that NC410, LNCB74 or any future product candidates we develop will receive regulatory approval. Even if regulatory approvals are obtained, we could experience significant delays or an inability to successfully commercialize our current and any future product candidates we develop, which would materially harm our business. If we are not able to generate sufficient revenue through the sale of any current or future product candidate, we may not be able to continue our business operations or achieve profitability.

The regulatory approval processes of the FDA and comparable foreign authorities are lengthy, time-consuming and inherently unpredictable, and if we are ultimately unable to obtain regulatory approval for our product candidates, our business will be materially harmed.

The time required to obtain approval by the FDA and comparable foreign authorities is unpredictable but typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. We have not obtained regulatory approval for any product candidate. Neither we nor any future collaborator is permitted to market any biological product in the United States until we or the future collaborator receives regulatory approval of a BLA from the FDA. It is possible that none of our current or future product candidates will ever obtain regulatory approval from the FDA or comparable foreign regulatory authorities.

Our current and future product candidates could fail to receive regulatory approval for many reasons, including the following:

- the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of our clinical trials;
- we may be unable to demonstrate to the satisfaction of the FDA or comparable foreign regulatory authorities that a product candidate is safe, pure and potent for its proposed indication;
- the results of clinical trials may not meet the level of statistical significance required by the FDA or comparable foreign regulatory authorities for approval;
- we may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- the FDA or comparable foreign regulatory authorities may disagree with our interpretation of data from clinical trials or preclinical studies;
- the data collected from clinical trials of our product candidates may not be sufficient to support the submission of a BLA to the FDA or regulatory submissions to comparable regulatory authorities to obtain regulatory approval in such jurisdiction; and
- the FDA or comparable foreign regulatory authorities may find deficiencies with or fail to approve our manufacturing processes or facility or the manufacturing processes or facilities of third-party manufacturers with which we contract for clinical and commercial supplies.

This lengthy approval process as well as the unpredictability of clinical trial results may result in our failing to obtain regulatory approval to market any product candidate we develop, which would significantly harm our business, results of operations and prospects. The FDA and other comparable foreign authorities have substantial discretion in the approval process and in determining when or whether regulatory approval will be granted for any product candidate that we develop. Even if we believe the data collected from current or future clinical trials of our product candidates are promising, such data may not be sufficient to support approval by the FDA or any other regulatory authority.

In addition, even if we were to obtain approval, the FDA may approve any of our product candidates for fewer or more limited indications, or a more limited patient population, than we request, may grant approval contingent on the performance of costly clinical trials, development of an *in vitro* companion diagnostic, or other post-marketing requirements, or may approve a product candidate with a label that does not include the labeling claims we believe are necessary or desirable for the successful commercialization of such product candidates.

The FDA or comparable foreign regulatory authorities may change their policies, promulgate additional regulations, revise existing regulations or take other actions that may prevent or delay approval of our future products under development on a timely basis. Such policy or regulatory changes could impose additional requirements upon us that could delay our ability to obtain approvals, increase the costs of compliance or restrict our ability to maintain any

marketing authorizations we may have obtained. Any of the foregoing scenarios could materially harm the commercial prospects for our product candidates.

Clinical development involves a lengthy and expensive process with uncertain outcomes. We may incur additional costs and experience delays in developing and commercializing or be unable to develop or commercialize our current and future product candidates.

To obtain the requisite regulatory approvals to commercialize any of our product candidates, we must demonstrate through extensive preclinical studies and clinical trials that our product candidates are safe, pure and potent in humans. Clinical testing is expensive and can take many years to complete, and its outcome is highly uncertain. Failure can occur at any time during the clinical trial process, and our future clinical trial results may not be successful. We may experience delays in completing our clinical trials or preclinical studies and initiating or completing our planned clinical trials and development efforts. Additionally, we cannot be certain the ongoing and planned preclinical studies or clinical trials for NC410, LNCB74 or any future product candidates will begin on time, not require redesign, enroll an adequate number of subjects on time or be completed on schedule, if at all. For example, we announced in December 2023 that based on current efficacy data and prioritization, we had decided to discontinue our monotherapy Phase 2 clinical trial for NC762. We may also experience numerous unforeseen events during our clinical trials that could delay or prevent our ability to receive marketing approval or commercialize the product candidates we develop, including:

- results from preclinical studies or clinical trials may not be predictive of results from later clinical trials of any product candidate;
- the FDA or other regulatory authorities, IRBs or independent ethics committees may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- the FDA or other regulatory authorities may require us to submit additional data such as long-term toxicology studies, or impose other requirements on us, before permitting us to initiate a clinical trial;
- we may experience delays in reaching, or fail to reach, agreement on acceptable terms with prospective trial sites and prospective contract research organizations, or "CROs", as the terms of these agreements can be subject to extensive negotiation and vary significantly among different CROs and trial sites;
- clinical trials of any product candidate may fail to show safety, purity or potency, or may produce negative or inconclusive results, which may cause us to decide, or regulators to require us, to conduct additional nonclinical studies or clinical trials or which may cause us to decide to abandon product candidate development programs;
- the number of patients required for clinical trials may be larger than we anticipate or we may have difficulty in recruiting and enrolling patients to participate in clinical trials, including as a result of the size and nature of the patient population, the proximity of patients to clinical trial sites, eligibility criteria for the clinical trial, the nature of the clinical trial protocol, the availability of approved effective treatments for the relevant disease, competition from other clinical trial programs for similar indications and clinical trial subjects and the impact of public health emergencies, such as the COVID-19 pandemic;
- it may be difficult to enroll a sufficient number of patients, enrollment in these clinical trials may be slower than we anticipate, or participants may drop out of these clinical trials or may fail to return for post-treatment follow-up at a higher rate than we anticipate;
- our CROs and other third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all, or may deviate from the clinical trial protocol or drop out of the trial, which may require that we add new clinical trial sites or investigators;
- we may elect to, or regulators, IRBs or ethics committees may require that we or our investigators, suspend or terminate clinical research or trials for various reasons, including noncompliance with regulatory requirements or a finding that participants are being exposed to unacceptable health risks;

- any of our product candidates could cause undesirable side effects that could result in significant negative consequences, including the inability to enter clinical development or receive regulatory approval;
- the cost of preclinical or nonclinical testing and studies and clinical trials of any product candidates may be greater than we anticipate;
- we may face hurdles in addressing subject safety concerns that arise during the course of a trial, causing us or our investigators, regulators, IRBs or ethics committees to suspend or terminate trials, or reports may arise from nonclinical or clinical testing of other cancer therapies that raise safety or efficacy concerns about our product candidates;
- the supply, quality or timeliness of delivery of materials for product candidates we develop or other materials necessary to conduct clinical trials may be insufficient or inadequate; and
- we, or third parties on whom we are dependent, may suffer business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters and public health emergencies, such as the COVID-19 pandemic.

We may encounter delays if a clinical trial is suspended or terminated by us, the IRBs of the institutions in which such trials are being conducted or ethics committees, or the DSMB recommends suspension or termination for such trial or by the FDA or other regulatory authorities. Such authorities may impose such a suspension or termination due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a product candidate, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. Many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of marketing approval of our product candidates. The FDA or other regulatory authorities may disagree with our clinical trial design and our interpretation of data from clinical trials or may change the requirements for approval even after they have reviewed and commented on the design for our clinical trials. In addition, factors outside our control, such as government shutdowns, natural disasters and public health emergencies such as the COVID-19 pandemic, could disrupt business at the FDA or other regulatory authorities, which could result in delays of reviews, approvals and communications with regulatory authorities related to our clinical trials and product candidates.

Principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and may receive cash or equity compensation in connection with such services. If these relationships and any related compensation result in perceived or actual conflicts of interest, or a regulatory authority concludes that the financial relationship may have affected the interpretation of the trial, the integrity of the data generated at the applicable clinical trial site may be questioned and the utility of the clinical trial itself may be jeopardized, which could result in the delay or rejection of the marketing application we submit. Any such delay or rejection could prevent or delay us from commercializing our current or future product candidates.

If we experience delays in the completion, or termination, of any clinical trial of our product candidates, the commercial prospects of our product candidates will be harmed and our ability to generate product revenues from any of these product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down the development and approval process for our product candidates and jeopardize our ability to commence product sales and generate revenues. Significant clinical trial delays could also allow our competitors to bring products to market before we do or shorten any periods during which we have the exclusive right to commercialize our product candidates. Any such events would impair our ability to successfully commercialize our product candidates and may harm our business and results of operations.

Any of these occurrences may significantly harm our business, financial condition and prospects. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates or result in the development of our product candidates stopping early.

Preclinical development is uncertain. Our preclinical programs may experience delays or may never advance to clinical trials, which would adversely affect our ability to obtain regulatory approvals or commercialize these programs on a timely basis or at all.

With the exception of NC410, NC525 and NC318, all of our product candidates are still in the preclinical stage, and the risk of failure for such product candidates is high. In order to obtain FDA approval to market a new biologic we must demonstrate proof of safety, purity and potency, including efficacy, in humans. To meet these requirements, we will have to conduct adequate and well-controlled clinical trials. Before we can commence clinical trials for a product candidate, we must complete extensive preclinical testing and studies that support our planned clinical trials in humans. We cannot be certain of the timely completion or outcome of our preclinical testing and studies and cannot predict if the FDA will accept our proposed clinical programs or if the outcome of our preclinical testing and studies will ultimately support the further development of our current or future product candidates. As a result, we cannot be sure that we will be able to submit INDs or similar applications for our preclinical programs on the timelines we expect, if at all, and we cannot be sure that submission of INDs or similar applications will result in the FDA or other regulatory authorities allowing clinical trials to begin.

Conducting preclinical testing is a lengthy, time-consuming and expensive process. The length of time of such testing may vary substantially according to the type, complexity and novelty of the program, and often can be several years or more per program. Delays associated with programs for which we are conducting preclinical testing and studies may cause us to incur additional operating expenses. Moreover, we may be affected by delays associated with the preclinical testing and studies of certain programs that are the responsibility of our potential future collaborators over which we have no control. The commencement and rate of completion of preclinical studies and clinical trials for a product candidate may be delayed by many factors, including but not limited to:

- an inability to generate sufficient preclinical or other in vivo or in vitro data to support the initiation of clinical studies;
- delays in reaching a consensus with regulatory agencies on study design; and
- the FDA not permitting the reliance on preclinical or other data from published scientific literature.

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

From time to time, we may publish interim data, including interim top-line results or preliminary results from our clinical trials. Interim data and results from our clinical trials are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. For example, notwithstanding the durable responses initially observed in our ongoing Phase 1/2 clinical trial of NC318 in NSCLC, we announced in November 2022 that based upon then-current efficacy data we decided to discontinue our Phase 2 clinical trial for NC318 monotherapy. Preliminary or top-line results also remain subject to audit, validation and verification procedures that may result in the final data being materially different from the interim and preliminary data we previously published. As a result, interim and preliminary data may not be predictive of final results and should be viewed with caution until the final data are available. Differences between preliminary or interim data and final data could significantly harm our business prospects and may cause the trading price of our common stock to fluctuate significantly.

Initial positive trial results and results from preclinical studies and early-stage clinical trials may not be predictive or indicative of results when the trial is completed or in later stage trials.

The results of preclinical studies may not be predictive of the results of clinical trials. Preclinical studies and early-stage clinical trials are primarily designed to test safety, to study pharmacokinetics and pharmacodynamics and to understand the side effects of product candidates at various doses and schedules, and the results of any early-stage clinical trials may not be predictive of the results of later-stage, large-scale efficacy clinical trials. In addition, initial success in clinical trials may not be indicative of results obtained when such trials are completed. There can be no assurance that any of our current or future clinical trials will ultimately be successful or support further clinical development of any of our product candidates. There is a high failure rate for drugs and biologics proceeding through clinical trials. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in clinical development

even after achieving promising results in earlier studies, and any such setbacks in our clinical development could have a material adverse effect on our business and operating results.

Even if our clinical trials are completed, the results may not be sufficient to obtain regulatory approval for our product candidates. Data obtained from preclinical and clinical activities are subject to varying interpretations, which may delay, limit or prevent regulatory approval. In addition, the results of our preclinical studies may not be predictive of the results of outcomes in human clinical trials. For example, our current or future product candidates may demonstrate different chemical, biological and pharmacological properties in patients than they do in laboratory studies or may interact with human biological systems in unforeseen or harmful ways. Product candidates in later stages of clinical trials may fail to show desired pharmacological properties or produce the necessary safety and efficacy results despite having progressed through preclinical studies and initial clinical trials. Even if we are able to initiate and complete clinical trials, the results may not be sufficient to obtain regulatory approval for our product candidates. In addition, we may experience regulatory delays or rejections as a result of many factors, including changes in regulatory policy during the period of our product candidate development. Any such delays could negatively impact our business, financial condition, results of operations and prospects.

Because the numbers of subjects in our Phase 1/2 and Phase 1 clinical trials are small, the results from each of these trials, once completed, may be less reliable than results achieved in larger clinical trials.

A study design that is considered appropriate includes a sufficiently large sample size with appropriate statistical power, as well as proper control of bias, to allow a meaningful interpretation of the results. The preliminary results of studies with smaller sample sizes, such as our Phase 1/2 clinical trial of NC410 Combo, can be disproportionately influenced by the impact the treatment had on a few individuals, which limits the ability to generalize the results across a broader community, thus making the study results less reliable than studies with a larger number of subjects and making it difficult to predict final results from preliminary results. As a result, there may be less certainty that the respective investigational drug product would achieve a statistically significant effect in any future clinical trials. If we conduct any future clinical trials of NC410 Combo, or LNCB74 we may not achieve a statistically significant result or the same level of statistical significance seen, if any, in our Phase 1/2 clinical trial. Similarly, if we conduct a clinical trial of any other product candidate we develop with a small sample size, the results of any such trial may be less reliable than results achieved in larger clinical trials and may provide less certainty of achieving statistically significant effects in any future clinical trials.

Our approach to the discovery and development of product candidates using our FIND platform is unproven and may not result in marketable products.

The success of our business depends in part upon our ability to identify targets based on our proprietary FIND platform and to develop and commercialize medicines. Our approach to the discovery of targets and development of products using the FIND platform is novel. We have not yet initiated or completed a clinical trial of any product candidate developed for a target identified from the FIND platform. The platform may fail to accurately identify targets that modulate the immune system and are appropriate for therapies. Even if we are able to identify targets from the FIND platform and to develop corresponding product candidates, we cannot assure that such product candidates will achieve marketing approval to safely and effectively treat cancer or other disease states.

If we uncover any previously unknown risks related to our FIND platform, or if we experience unanticipated problems or delays in developing our FIND product candidates, we may be unable to achieve our strategy of building an oncology pipeline of novel targets for new therapies focused on non-responders.

Our current or future product candidates may cause undesirable side effects or have other properties when used alone or in combination with other approved products or investigational new drugs that could halt their clinical development, delay or prevent their regulatory approval, limit their commercial potential or result in significant negative consequences.

Before obtaining regulatory approvals for the commercial sale of our product candidates, we must demonstrate through lengthy, complex and expensive preclinical testing and clinical trials that our product candidates are safe, pure and potent for use in each target indication, and failures can occur at any stage of testing. As with most biologics, use of our current or future product candidates could be associated with side effects or adverse events which can vary in severity

from minor reactions to death and in frequency from infrequent to prevalent. There have been serious adverse side effects reported in response to immunotherapies in oncology.

Possible adverse side effects that could occur with treatment with therapies include an immunologic reaction early after administration that, while not necessarily adverse to the patient's health, could substantially limit the effectiveness of the treatment. In addition to any potential side effects caused by the product or product candidate, the administration process or related procedures also can cause adverse side effects. If unacceptable adverse events occur, our clinical trials or any future marketing authorization could be suspended or terminated.

If unacceptable side effects arise in the development of our product candidates, the DSMB may recommend or, we, the FDA, or the IRBs at the institutions in which our studies are conducted could suspend or terminate our clinical trials or the FDA or comparable foreign regulatory authorities could order us to cease clinical trials or deny approval of our product candidates for any or all targeted indications. Treatment-related side effects could also affect patient recruitment or the ability of enrolled patients to complete any of our clinical trials or result in potential product liability claims. In addition, these side effects may not be appropriately recognized or managed by the treating medical staff. We expect to have to train medical personnel using our product candidates to understand the side effect profiles for our clinical trials and upon any commercialization of any of our product candidates. Inadequate training in recognizing or managing the potential side effects of our product candidates could result in patient injury or death. Any of these occurrences may significantly harm our business, financial condition and prospects.

Although our current and future product candidates have undergone and will undergo safety testing to the extent possible and, where applicable, under such conditions discussed with regulatory authorities, not all adverse effects of drugs can be predicted or anticipated. Our current and future product candidates could lead to serious side effects that we only discover in clinical trials or during commercial marketing. Unforeseen side effects could arise either during clinical development or after our product candidates have been approved by regulatory authorities and the approved product has been marketed, resulting in the exposure of additional patients. So far, we have not demonstrated that NC410, LNCB74 or any other product candidate is safe in humans, and we cannot predict if ongoing or future clinical trials will do so. If any of our current or future product candidates fail to demonstrate safety and efficacy in clinical trials or do not gain marketing approval, we will not be able to generate revenue and our business will be harmed.

In addition, we are ourself studying NC410 in combination with other therapies, supporting Yale's study of NC318 in combination with other therapies, and may develop LNCB74 and future product candidates in combination with other therapies, which exposes us to additional risks relating to undesirable side effects or other properties. For example, the other therapies may lead to toxicities that are improperly attributed to our product candidates or the combination of our product candidates with other therapies may result in toxicities that the product candidate or other therapy does not produce when used alone. The other therapies we are using in combination may be removed from the market, or we may not be able to secure adequate quantities of such materials for which we have no guaranteed supply contract, and thus be unavailable for testing or commercial use with any of our approved products. The other therapies we may use in combination with our product candidates may also be supplanted in the market by newer, safer or more efficacious products or combinations of products.

Even if we successfully advance one of our product candidates through clinical trials, such trials will likely only include a limited number of subjects and limited duration of exposure to our product candidates. As a result, we cannot be assured that adverse effects of our product candidates will not be uncovered when a significantly larger number of patients are exposed to the product candidate. Further, any clinical trial may not be sufficient to determine the effect and safety consequences of taking our product candidates over a multi-year period.

If any of our product candidates receives marketing approval, and we or others later identify undesirable side effects caused by such products, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw their approval of the product;
- we may be required to recall a product or change the way such product is administered to patients;
- additional restrictions may be imposed on the marketing of the particular product or the manufacturing processes for the product or any component thereof;

- regulatory authorities may require the addition of labeling statements, such as a "black box" warning or a contraindication;
- we may be required to implement a REMS or create a Medication Guide outlining the risks of such side effects for distribution to patients;
- we could be sued and held liable for harm caused to patients;
- we may be subject to fines, warning letters, or other regulatory enforcement action;
- we may be subject to injunctions or the imposition of civil or criminal penalties;
- we may be required to conduct additional post-market clinical trials to assess the safety of the product;
- we may be subject to product seizure or detention, or refusal to permit the import or export of products;
- FDA may refuse to approve pending applications or supplements to approved applications filed by us;
- the product may become less competitive; and
- our reputation may suffer.

Any of the foregoing events could prevent us from achieving or maintaining market acceptance of the particular product candidate, if approved, and result in the loss of significant revenues, which would materially harm our business. In addition, if one or more of our product candidates or our immunotherapeutic development approach generally prove to be unsafe, our entire technology platform and pipeline could be affected, which would also materially harm our business.

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

The successful and timely completion of clinical trials in accordance with their protocols depends on, among other things, our ability to enroll a sufficient number of patients who remain in the trial until the trial's conclusion, including any follow-up period. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons. For example, we experienced a slowdown of enrollment in our clinical trials as a result of the COVID-19 pandemic. The enrollment of patients depends on many factors, including:

- the patient eligibility criteria defined in the protocol;
- the nature and size of the patient population required for analysis of the trial's primary endpoints and the process for identifying patients;
- the number and location of participating clinical sites or patients;
- the design of the trial;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- clinicians' and patients' perceptions as to the potential advantages and risks of the product candidate being studied in relation to other available therapies, including any new products that may be approved for the indications we are investigating;
- the availability of competing commercially available therapies and other competing drug candidates' clinical trials;
- our ability to obtain and maintain patient informed consents for participation in our clinical trials;

- the risk that patients enrolled in clinical trials will drop out of the trials before completion or, because they may be late-stage cancer patients, will not survive the full terms of the clinical trials; and

- factors outside of our control, including as a result of business interruptions resulting from natural disasters, geo-political developments, and public health emergencies, such as the COVID-19 pandemic.

In addition, our clinical trials will compete with other clinical trials for product candidates that are in the same therapeutic areas as our current and potential future product candidates. This competition will reduce the number and types of patients available to us, because some patients who might have opted to enroll in our trials may instead opt to enroll in a trial conducted by one of our competitors. Because the number of qualified clinical investigators is limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such sites. Moreover, because our current and potential future product candidates may represent a departure from more commonly used methods for cancer treatment, potential patients and their doctors may be inclined to use conventional therapies, such as chemotherapy, rather than enroll patients in our ongoing or any future clinical trial.

Delays from difficulties in patient enrollment in a clinical trial may result in increased costs or affect the timing, outcome or completion of the trial, which could delay or prevent our receipt of regulatory approval of the applicable product candidate or to abandon the trial altogether.

We may be required to suspend, repeat or terminate our clinical trials if they are not conducted in accordance with regulatory requirements, the results are negative or inconclusive or the trials are not well designed.

Clinical trials must be conducted in accordance with the FDA's current cGCP or analogous requirements of applicable foreign regulatory authorities. Clinical trials are subject to oversight by the FDA, other foreign governmental agencies and IRBs or ethical committees at the study sites where the clinical trials are conducted. In addition, clinical trials must be conducted with product candidates manufactured in accordance with applicable cGMP. Clinical trials may be suspended by the FDA, other foreign regulatory authorities, us, or by an IRB or ethics committee with respect to a particular clinical trial site, for various reasons, including:

- deficiencies in the conduct of the clinical trials, including failure to conduct the clinical trial in accordance with regulatory requirements or study protocols;

- deficiencies in the clinical trial operations or trial sites;

- unforeseen adverse side effects or the emergence of undue risks to study subjects;

- deficiencies in the trial design necessary to demonstrate efficacy;

- the product candidate may not appear to offer benefits over current therapies; or

- the quality or stability of the product candidate may fall below acceptable standards.

We have chosen to prioritize development of NC410 and LNCB74. We may expend our limited resources on product candidates or indications that do not yield a successful product and fail to capitalize on other candidates or indications for which there may be a greater likelihood of success or may be more profitable.

Because we have limited resources, we have strategically determined to prioritize development of NC410 and LNCB74 rather than other product candidates based, in part, on the significant resources required for developing and manufacturing therapies. To date, no regulatory authority has granted approval for a therapy targeting the LAIR pathway or B7-H4. As a result, we may be foregoing other potentially more profitable therapies or therapies or those with a greater likelihood of success. Our decisions concerning the allocation of research, development, collaboration, management and financial resources toward particular product candidates or therapeutic areas may not lead to the development of any viable commercial product and may divert resources away from better opportunities. Similarly, our potential decisions to delay, terminate or collaborate with third parties with respect to, certain programs may subsequently also prove to be suboptimal and could cause us to miss valuable opportunities. If we make incorrect determinations regarding the viability or market

potential of any of our current or future product candidates or misread trends in the oncology or biopharmaceutical industry, our business, financial condition and results of operations could be materially adversely affected. As a result, we may fail to capitalize on viable commercial products or profitable market opportunities, be required to forego or delay pursuit of opportunities with other product candidates or other diseases and disease pathways that may later prove to have greater commercial potential than those we choose to pursue, or relinquish valuable rights to such product candidates through collaboration, licensing or other royalty arrangements in cases in which it would have been advantageous for us to invest additional resources to retain development and commercialization rights.

We may need to develop, or enter into a collaboration or partnership to develop, complementary or companion diagnostics for our current or future product candidates. If we, or our future collaborators, are unable to successfully develop complementary or companion diagnostics, or experience significant delays in doing so, we may not realize the full commercial potential of our current or future product candidates.

One of the key elements of our product development strategy is to identify cancer patient populations that may derive meaningful benefit from our current or future product candidates. Because predictive biomarkers are being and may be used to identify the right patients for current or future product candidates, we believe that our success may depend, in part, on our ability to develop complementary or companion diagnostics in collaboration with partners.

We have limited experience in the development of diagnostics and, as such, we may rely in part on future collaborators in developing appropriate diagnostics to pair with our current or future product candidates. We have not yet begun substantial discussions with any potential partners with respect to the development of complementary or companion diagnostics and may be unsuccessful in entering into collaborations for the development of any such diagnostics for our current or future product candidates.

Companion diagnostics are subject to regulation by the FDA and similar comparable foreign regulatory authorities as medical devices and require separate regulatory approval or clearance prior to commercialization. Complementary diagnostics may be subject to regulation by CMS or the FDA and similar comparable foreign regulatory authorities and may require separate regulatory approval or clearance prior to commercialization. Gaining regulatory approval could be time consuming and costly and could delay regulatory approval of the related product candidate.

We and our collaborators may encounter difficulties in developing such tests, including issues relating to the selectivity or specificity of the diagnostic, analytical validation, reproducibility or clinical validation. If we, our collaborators, or any third parties that we engage to assist us, are unable to successfully develop complementary or companion diagnostics for our current or future product candidates or experience delays in doing so:

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

- we may not realize the commercial potential of our current or future product candidates if, among other reasons, we are unable to appropriately identify, or it takes us longer to identify, patients who are likely to benefit from therapy with our products, if approved.

If any of these events were to occur, our business could be materially harmed.

Risks Related to the Regulatory Approval and Commercialization of Product Candidates and Other Legal Compliance Matters

We may be unable to obtain FDA approval of our product candidates under applicable regulatory requirements. The denial or delay of any such approval would prevent or delay commercialization of our product candidates and adversely impact our potential to generate revenue, our business and our results of operations.

To gain approval to market our product candidates in the United States, we must provide the FDA with clinical data that adequately demonstrate the safety, purity and potency, including efficacy, of the product candidate for the proposed indication or indications in a BLA submission. Product development is a long, expensive and uncertain process, and delay or failure can occur at any stage of any of our clinical development programs. A number of companies in the biotechnology and pharmaceutical industries have suffered significant setbacks in clinical trials, even after promising results in earlier preclinical studies or clinical trials. These setbacks have been caused by, among other things, preclinical

findings made while clinical trials were underway and safety or efficacy observations made in clinical trials, including previously unreported adverse events. Success in preclinical testing and early clinical trials does not ensure that later clinical trials will be successful, and the results of clinical trials by other parties may not be indicative of the results in trials we may conduct.

We have not previously submitted a BLA or any other marketing application to the FDA or similar filings to comparable foreign regulatory authorities. A BLA or other similar regulatory filing requesting approval to market a product candidate must include extensive preclinical and clinical data and supporting information to establish that the product candidate is safe, pure and potent for each desired indication. The BLA or other similar regulatory filing must also include significant information regarding the chemistry, manufacturing and controls for the product.

The research, testing, manufacturing, labeling, approval, marketing, sale and distribution of biological products are subject to extensive regulation by the FDA and other regulatory authorities in the United States and other countries, and such regulations differ from country to country. We are not permitted to market our product candidates in the United States or in any foreign countries until they receive the requisite approval from the applicable regulatory authorities of such jurisdictions.

The FDA or comparable foreign regulatory authorities can delay, limit or deny approval of our product candidates for many reasons, including:

- our inability to demonstrate to the satisfaction of the FDA or a comparable foreign regulatory authority that our product candidates are safe and effective for the requested indication;
- the FDA or a comparable foreign regulatory authority's disagreement with our trial protocol or the interpretation of data from preclinical studies or clinical trials;
- our inability to demonstrate that the clinical and other benefits of our product candidates outweigh any safety or other perceived risks;
- the FDA or a comparable foreign regulatory authority's requirement for additional preclinical studies or clinical trials;
- the FDA or a comparable foreign regulatory authority's non-approval of the formulation, labeling, or specifications of our product candidates;
- the FDA or a comparable regulatory authority's failure to approve our manufacturing processes and facilities or the manufacturing processes and facilities of third-party manufacturers upon which we rely; or
- potential for approval policies or regulations of the FDA or a comparable foreign regulatory authority to significantly change in a manner rendering our clinical data insufficient for approval.

Even if we eventually complete clinical testing and receive approval from the FDA or comparable foreign regulatory authorities for any of our product candidates, the FDA or comparable foreign regulatory authorities may grant approval contingent on the performance of costly additional clinical trials which may be required after approval. The FDA or comparable foreign regulatory authorities also may approve any of our product candidates for a more limited indication or a narrower patient population than we originally requested, and the FDA or comparable foreign regulatory authorities may not approve any of our product candidates with the labeling that we believe is necessary or desirable for the successful commercialization of any such product candidates.

Of the large number of biopharmaceutical products in development, only a small percentage successfully complete the FDA or other regulatory bodies' approval processes and are commercialized. Any delay in obtaining, or inability to obtain, applicable regulatory approval would delay or prevent commercialization of our product candidates and would materially harm our business.

Even if a current or future product candidate receives marketing approval, it may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success.

If any current or future product candidate we develop receives marketing approval, whether as a single agent or in combination with other therapies, it may nonetheless fail to gain sufficient market acceptance by physicians, patients, third-party payors, and others in the medical community. For example, current approved immunotherapies, and other cancer treatments like chemotherapy and radiation therapy, are well established in the medical community, and doctors may continue to rely on these therapies. Our approach to targeting different components of the TME is novel and unproven. In addition, adverse events in clinical trials testing our product candidates or in clinical trials of others developing similar product candidates and the resulting publicity, as well as any other adverse events in the field of immuno-oncology that may occur in the future, could result in a decrease in demand for our current or future product candidates. If public perception is influenced by claims that the use of cancer immunotherapies is unsafe, whether related to our therapies or our competitors' products, our products may not be accepted by the general public or the medical community. Future adverse events in immuno-oncology or the biopharmaceutical industry could also result in greater governmental regulation, stricter labeling requirements and potential regulatory delays in the testing or approvals of our products.

If our current and any future product candidates we develop do not achieve an adequate level of acceptance, we may not generate significant product revenues and we may not become profitable. The degree of market acceptance of our current and any future product candidates, if approved for commercial sale, will depend on a number of factors, including:

- efficacy and potential advantages compared to alternative treatments, including those that are not yet approved;
- the ability to offer our products, if approved, for sale at competitive prices;
- convenience and ease of administration compared to alternative treatments;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the strength of marketing, sales and distribution support;
- the ability to obtain sufficient third-party coverage and adequate reimbursement, including with respect to the use of the approved product as a combination therapy;
- the regulatory approval and adoption of a companion or complementary diagnostic, if needed or advisable; and
- the prevalence and severity of any side effects.

The market opportunities for any current or future product candidate we develop, if approved, may be limited to those patients who are ineligible for established therapies or for whom prior therapies have failed, and may be small.

Any revenue we are able to generate in the future from product sales will be dependent, in part, upon the size of the market in the United States and any other jurisdiction for which we gain regulatory approval and have commercial rights. If the markets or patient subsets that we are targeting are not as significant as we estimate, we may not generate significant revenues from sales of such products, even if approved.

Cancer therapies are sometimes characterized as first-line, second-line or third-line, and the FDA often approves new therapies initially only for third-line use. When cancer is detected early enough, first-line therapy, usually chemotherapy, hormone therapy, surgery, radiation therapy or a combination of these, is sometimes adequate to cure the cancer or prolong life without a cure. Second- and third-line therapies are administered to patients when prior therapy is not effective. We may initially seek approval for NC410, LNCB74 and any other product candidates we develop as second or third-line therapies. If we do so, for those products that prove to be sufficiently beneficial, if any, we would expect potentially to seek approval as a first-line therapy, but there is no guarantee that any product candidate we develop, even

if approved, would be approved for first-line therapy, and, prior to any such approvals, we may have to conduct additional clinical trials.

The number of patients who have the types of cancer we are targeting may turn out to be lower than expected. Additionally, the potentially addressable patient population for our current or future product candidates may be limited, if and when approved. Even if we obtain significant market share for any product candidate, if and when approved, if the potential target populations are small, we may never achieve profitability without obtaining marketing approval for additional indications, including to be used as first- or second-line therapy.

We are studying NC410 in combination with other therapies and may develop LNCB74 and future product candidates in combination with other therapies, which exposes us to additional regulatory risks.

We are studying NC410 in combination with pembrolizumab and may develop LNCB74 and future product candidates in combination with one or more currently approved cancer therapies. In addition, we are supplying NC318 drug product to Yale in support of Yale's IIT study of NC318 in combination with pembrolizumab. These combinations have not been tested before and may, among other things, fail to demonstrate synergistic activity, may fail to achieve superior outcomes relative to the use of single agents or other combination therapies, or may fail to demonstrate sufficient safety or efficacy traits in clinical trials to enable us to complete those clinical trials or obtain marketing approval for the combination therapy.

In addition, we did not develop or obtain regulatory approval for, and we do not manufacture or sell, any of these approved therapeutics. Therefore, even if any product candidate we develop were to receive marketing approval or be commercialized for use in combination with other existing therapies, we would continue to be subject to the risk that the FDA or comparable foreign regulatory authorities could revoke approval of the therapy used in combination with our product candidate or that safety, efficacy, manufacturing or supply issues could arise with these existing therapies. This could result in our own products being removed from the market or being less successful commercially. Combination therapies are commonly used for the treatment of cancer, and we would be subject to similar risks if we develop any of our product candidates for use in combination with other drugs or for indications other than cancer.

We may also evaluate NC410, LNCB74 or any future product candidate in combination with one or more other cancer therapies that have not yet been approved for marketing by the FDA or comparable foreign regulatory authorities. We will not be able to market and sell NC410, LNCB74 or any product candidate we develop in combination with any such unapproved cancer therapies that do not ultimately obtain marketing approval.

If the FDA or comparable foreign regulatory authorities do not approve these other biological products or revoke their approval of, or if safety, efficacy, manufacturing or supply issues arise with, the biologics we choose to evaluate in combination with NC410, LNCB74 or any product candidate we develop, we may be unable to obtain approval of or market any such product candidate.

Even if we receive marketing approval of a product candidate, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense. If we fail to comply or experience unanticipated problems with our products, we may be subject to administrative and judicial enforcement, including monetary penalties, for non-compliance and our approved products, if any, could be deemed misbranded or adulterated and prohibited from continued distribution.

Any marketing approvals that we receive for any current or future product candidate may be subject to limitations on the approved indicated uses for which the product may be marketed or the conditions of approval or contain requirements for potentially costly post-market testing and surveillance to monitor the safety and efficacy of the product candidate. The FDA may also require implementation of a REMS as a condition of approval of any product candidate, which could include requirements for a medication guide, physician communication plans or additional elements to ensure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. In addition, if the FDA or a comparable foreign regulatory authority approves a product candidate, the manufacturing processes, labeling, packaging, distribution, adverse event and deviation reporting, storage, advertising, promotion, import and export and record keeping for the product candidate will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGMP and cGCP, for any clinical trials that we may conduct post-approval. Later discovery of previously unknown problems with any approved candidate, including adverse events of unanticipated severity or

frequency, or with our or our third-party manufacturers' manufacturing processes or facilities, or failure to comply with regulatory requirements, may result in, among other things:

- suspension of, or imposition of restrictions on, the marketing or manufacturing of the product, withdrawal of the product from the market, or product recalls;
- Warning Letters or Untitled Letters, or holds on clinical trials;
- refusal by the FDA to approve pending applications or supplements to approved applications we file, or suspension or revocation of approved biologics licenses;
- product seizure or detention, monetary penalties, refusal to permit the import or export of the product, or placement on Import Alert; and
- permanent injunctions and consent decrees including the imposition of civil or criminal penalties.

Given the nature of biologics manufacturing, there is a risk of contamination. Any contamination could materially adversely affect our ability to produce product candidates on schedule and could, therefore, harm our results of operations and cause reputational damage. Some of the raw materials and other components required in our manufacturing process are derived from biologic sources. Such raw materials are difficult to procure and may be subject to contamination or recall. A material shortage, contamination, recall or restriction on the use of biologically derived substances in manufacturing our product or product candidates could adversely impact or disrupt the commercial manufacturing or the production of clinical material, which could materially and adversely affect our development and commercialization timelines and our business, financial condition, results of operations and prospects and could adversely affect our ability to meet our supply obligations.

Moreover, the FDA strictly regulates the promotional claims that may be made about drug and biological products. An approved product may not be promoted for uses that are not approved by the FDA as reflected in the product's approved labeling, or off-label uses. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses. The FDA has issued guidance on the factors that it will consider in determining whether a firm's product communication is consistent with the FDA-required labeling for that product, and those factors contain complexity and potential for overlap and misinterpretation. A company that is found to have improperly promoted off-label uses of their products may be subject to significant civil, criminal and administrative penalties.

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

Any government investigation of alleged violations of law could require us to expend significant time and resources in response and could generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect our ability to commercialize and generate revenue from our products. If regulatory sanctions are applied or if regulatory approval is withdrawn, the value of our company and our operating results will be adversely affected.

In addition, if we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained, and we may not achieve or sustain profitability.

Obtaining and maintaining marketing approval of our current and future product candidates in one jurisdiction does not mean that we will be successful in obtaining and maintaining marketing approval of our current and future product candidates in other jurisdictions.

Obtaining and maintaining marketing approval of our current and future product candidates in one jurisdiction does not guarantee that we will be able to obtain or maintain marketing approval in any other jurisdiction, while a failure

or delay in obtaining marketing approval in one jurisdiction may have a negative effect on the marketing approval process in others. For example, even if the FDA grants marketing approval of a product candidate, comparable regulatory authorities in foreign jurisdictions must also approve the manufacturing, marketing and promotion of the product candidate in those countries. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from, and greater than, those in the United States, including additional preclinical studies or clinical trials conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdictions. In many jurisdictions outside the United States, a product candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. In some cases, the price that we intend to charge for our products is also subject to approval.

We may also submit marketing applications in other countries. Regulatory authorities in jurisdictions outside of the United States have requirements for approval of product candidates with which we must comply prior to marketing in those jurisdictions. Obtaining foreign marketing approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our products in certain countries. If we fail to comply with the regulatory requirements in international markets or fail to receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed.

We depend on data and our information technology systems, and any failure of these systems could harm our business. Security breaches, loss of data, and other disruptions could compromise sensitive information related to our business or prevent us from accessing critical information and expose us to liability, which could adversely affect our business, results of operations and financial condition.

We collect and maintain information in digital form that is necessary to conduct our business, and we are dependent on our information technology systems and those of third parties to operate our business. In the ordinary course of our business, we collect, store and transmit large amounts of confidential information, including intellectual property, proprietary business information, personal information, protected health information and data to comply with cGMP and data integrity requirements. It is critical that we do so in a secure manner to maintain data security and data integrity of such information. We have established physical, electronic and organizational measures to safeguard and secure our systems to prevent a data compromise. We have also outsourced elements of our information technology infrastructure, and as a result a number of third-party vendors may or could have access to our confidential information. If we or our vendors fail to comply with applicable data privacy laws, or if the legal mechanisms we or our vendors rely upon for the transfer of personal data are ever deemed inadequate, or if we or our vendors experience a data breach resulting in exposure of personal data subject to the applicable laws, we could be subject to government enforcement actions and significant penalties against us, criminal and civil liability for us and our officers and directors, private litigation or adverse publicity. The OCR, pursuant to legislation passed in 2021, recently issued guidance on recognized security practices for covered entities and business associates, the OCR indicated that recognized security practices will not be an aggravating factor in OCR investigations, but that implementation of recognized security practices strengthen an organization's cybersecurity and regulatory posture, as well as possibly lessening enforcement penalties in a potential regulatory enforcement.

Our internal information technology systems and infrastructure, and those of our current and any future collaborators, contractors and consultants and other third parties on which we rely, are vulnerable to damage from computer viruses, malware, natural disasters, terrorism, war, telecommunication and electrical failures, cyber-attacks or cyber-intrusions, phishing, persons inside our organization or persons with access to systems inside our organization. We and our third party service providers regularly defend against, respond to and mitigate risks from data security incidents. The risk of a security breach or disruption or data loss, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. In addition, the prevalent use of mobile devices that access confidential information increases the risk of data security breaches, which could lead to the loss of confidential information or other intellectual property. The costs to us to mitigate network security problems, bugs, viruses, worms, malicious software programs, ransomware and security vulnerabilities could be significant, and while we have implemented security measures to protect our data security and information technology systems, our efforts to address these problems may not be successful, and these problems could result in unexpected interruptions, delays, cessation of service and other harm to our business and our competitive position. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our product development programs. For example, the loss of clinical trial data from completed or ongoing or planned clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Likewise, we rely on third parties to conduct clinical trials, and similar events relating to their computer systems could also have a material adverse effect on our business. Moreover, if a computer

security breach affects our systems or results in the unauthorized release of personally identifiable information, our reputation could be materially damaged. In addition, such a breach may require notification to governmental agencies, the media or individuals pursuant to various federal and state privacy and security laws, if applicable, including HIPAA and its implementing regulations, as well as regulations promulgated by the Federal Trade Commission and state breach notification laws. We would also be exposed to a risk of loss or litigation and potential liability, which could materially adversely affect our business, results of operations and financial condition. We may need to expend significant resources and make significant capital investment to protect against security breaches or to mitigate the impact of any such breaches.

The successful commercialization of our product candidates will depend in part on the extent to which third-party payors, including governmental authorities and private health insurers, provide coverage and adequate reimbursement levels, as well as implement pricing policies favorable for our product candidates. Failure to obtain or maintain coverage and adequate reimbursement for our product candidates, if approved, could limit our ability to market those products and decrease our ability to generate revenue.

The availability of coverage and adequacy of reimbursement by third-party payors, including managed care plans, governmental healthcare programs, such as Medicare and Medicaid and private health insurers is essential for most patients to be able to afford medical services and pharmaceutical products such as our product candidates that receive FDA approval. Our ability to achieve acceptable levels of coverage and reimbursement for our products or procedures using our products by third-party payors will have an effect on our ability to successfully commercialize our product candidates. Obtaining coverage and adequate reimbursement for our products may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a physician. Separate reimbursement for the product itself or the treatment or procedure in which our product is used may not be available. A decision by a third-party payor not to cover or not to separately reimburse for our products or procedures using our products could reduce physician utilization of our products once approved. Assuming there is coverage for our product candidates, or procedures using our product candidates by a third-party payor, the resulting reimbursement payment rates may not be adequate or may require co-payments that patients find unacceptably high. We cannot be sure that coverage and reimbursement in the United States, the European Union or elsewhere will be available for our current or future product candidates, or for any procedures using such product candidates, and any reimbursement that may become available may not be adequate or may be decreased or eliminated in the future.

Our ability to successfully commercialize any product candidate, whether as a single agent or combination therapy, will also depend in part on the extent to which coverage and reimbursement for these product candidates and related treatments will be available from third-party payors. Third-party payors decide which medications they will pay for and establish reimbursement levels. It is difficult to predict at this time what government authorities and third-party payors will decide with respect to coverage and reimbursement for our current and future product candidates.

In addition, third-party payors are increasingly challenging prices charged for pharmaceutical and biological products and services, and many third-party payors may refuse to provide coverage and reimbursement for particular drugs or biologics when an equivalent generic drug, biosimilar or a less expensive therapy is available. It is possible that a third-party payor may consider our product candidates as substitutable and only offer to reimburse patients for the less expensive product. Even if we show improved efficacy or improved convenience of administration with our product candidates, pricing of existing third-party therapeutics may limit the amount we will be able to charge for our product candidates. These third-party payors may deny or revoke the reimbursement status of our product candidates, if approved, or establish prices for our product candidates at levels that are too low to enable us to realize an appropriate return on our investment. If reimbursement is not available or is available only at limited levels, we may not be able to successfully commercialize our product candidates and may not be able to obtain a satisfactory financial return on our product candidates.

There is significant uncertainty related to the insurance coverage and reimbursement of newly-approved products, especially novel products like our therapies. To date, no regulatory authority has granted approval for an immunomedicine targeting the LAIR pathway or an ADC targeting B7-H4. The Medicare and Medicaid programs are increasingly used as models in the United States for how private third-party payors and other governmental payors develop their coverage and reimbursement policies for drugs and biologics. Some third-party payors may require pre-approval of coverage for new or innovative devices or drug therapies before they will reimburse healthcare providers who use such therapies. Moreover, eligibility for reimbursement does not imply that any drug will be reimbursed in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. We cannot predict at this time what third-party payors will decide with respect to the coverage and reimbursement for our product candidates.

No uniform policy for coverage and reimbursement for products exist among third-party payors in the United States. Therefore, coverage and reimbursement for products can differ significantly from payor to payor. As a result, the coverage determination process is often a time-consuming and costly process that may require us to provide scientific and clinical support for the use of our product candidates to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance. Furthermore, rules and regulations regarding reimbursement can change, in some cases on short notice, and we believe that changes in these rules and regulations are likely.

Additionally, if we or our collaborators develop companion diagnostic tests for use with our product candidates, we, or our collaborators, will be required to obtain coverage and reimbursement for these tests separate and apart from the coverage and reimbursement we seek for our product candidates, once approved. While we and our collaborators have not yet developed any companion diagnostic test for our product candidates, if we or our collaborators do, there is significant uncertainty regarding the ability to obtain coverage and adequate reimbursement for the same reasons applicable to our product candidates.

Moreover, a primary trend in the healthcare industry in the United States and elsewhere is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, the third-party payors who reimburse patients or healthcare providers, such as government and private insurance plans, are requiring that drug companies provide them with predetermined discounts from list prices and are seeking to reduce the prices charged or the amounts reimbursed for medical products. We cannot be sure that coverage and reimbursement will be available for any drug that we commercialize and, if coverage and reimbursement are available, we cannot be sure as to the level of reimbursement. Reimbursement may impact the demand for, or the price of, any product candidate for which we obtain marketing approval. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any product candidate for which we obtain marketing approval. We expect to experience pricing pressures in connection with the sale of our product candidates due to the trend toward managed health care, the increasing influence of health maintenance organizations and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription drugs and biologics and surgical procedures and other treatments, has become intense. As a result, increasingly high barriers are being erected to the entry of new products.

Enacted healthcare legislation, changes in healthcare law and implementation of regulations, as well as changes in healthcare policy, may increase the difficulty and cost for us to commercialize our product candidates, may impact our business in ways that we cannot currently predict, could affect the prices we may set, and could have a material adverse effect on our business and financial condition.

In the United States, there have been and continue to be a number of legislative initiatives to contain healthcare costs. In particular, there have been and continue to be a number of initiatives at the U.S. federal and state levels that seek to reduce healthcare costs and improve the quality of healthcare. For example, the ACA substantially changed the way healthcare is financed by both governmental and private insurers, and significantly impacted the U.S. pharmaceutical industry. The ACA, among other things, subjects biologics to potential competition by lower-cost biosimilars, addresses a methodology by which rebates owed by manufacturers under the MDRP are calculated for drugs that are inhaled, infused, instilled, implanted or injected, increases the minimum Medicaid rebates owed by manufacturers under the MDRP and extends the rebate program to individuals enrolled in Medicaid managed care organizations, and establishes annual fees and taxes on manufacturers of certain branded prescription drugs.

The ACA and certain of its provisions have been subject to judicial challenges as well as legislative and regulatory efforts to repeal or replace them or to alter their interpretation or implementation. For example, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, bills affecting the implementation of certain taxes under the ACA have been signed into law. The Tax Act included a provision that repealed the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the “individual mandate.” Also, in 2018, CMS issued final rules permitting further collections and payments to and from certain ACA qualified health plans and health insurance issuers under the ACA risk adjustment program in response to the outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment. The Further Consolidated Appropriations Act of 2020 fully repealed the ACA’s “Cadillac Tax” on certain high cost employer-sponsored insurance plans and, effective in 2021, the annual fee imposed on certain health insurance providers based on market share. On March 11, 2021, Congress enacted the American Rescue Plan Act of 2021, which included among its

provisions a sunset of the ACA's cap on pharmaceutical manufacturers' rebate liability under the Medicaid Drug Rebate Program. Under the ACA, manufacturers' rebate liability was capped at 100% of the average manufacturer price for a covered outpatient drug. Effective January 1, 2024, manufacturers' MDRP rebate liability will no longer be capped, potentially resulting in a manufacturer paying more in MDRP rebates than it receives on the sale of certain covered outpatient drugs. The American Rescue Plan Act also temporarily increased premium tax credit assistance for individuals eligible for subsidies under the ACA for 2021 and 2022 and removed the 400% federal poverty level limit that otherwise applies for purposes of eligibility to receive premium tax credits. In the future, there may be additional challenges and/or amendments to the ACA. It remains to be seen precisely what any new legislation will provide, when or if it will be enacted, and what impact it will have on the availability and cost of healthcare items and services, including drug products.

On June 17, 2021, the U.S Supreme Court dismissed a legal challenge to the law brought by several states arguing that, without the individual mandate, the entire ACA was unconstitutional. The Supreme Court dismissed the lawsuit without ruling on the merits of the states' constitutionality arguments. It is unclear how future litigation and the healthcare reform measures of the Biden administration will impact the ACA and our business.

Other healthcare-related legislative and regulatory initiatives and reforms have been proposed and adopted in the United States since the ACA was enacted. In August 2011, the Budget Control Act of 2011, among other things, created measures for automatic spending reductions under certain circumstances. In conjunction with the operation of subsequently enacted law, this has resulted in aggregate reductions of Medicare payments to providers of, on average, 2% per fiscal year, which will remain in effect through the first seven months of the FY 2032 sequestration order, with the exception of a temporary suspension from May 1, 2020 through March 31, 2022 and a subsequent reduction to 1% from April 1, 2022 until June 30, 2022 due to the COVID-19 pandemic, unless Congress takes additional action. The American Taxpayer Relief Act of 2012, which was signed into law in January 2013, among other things, further reduced Medicare payments to several types of providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

Moreover, payment methodologies may be subject to changes in healthcare legislation and regulatory initiatives. For example, beginning in 2018, CMS has maintained a reduced rate of payment under the Medicare outpatient prospective payment system and ambulatory surgical center payment system for certain separately payable drugs or biologics acquired under the 340B Drug Pricing Program. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for any product candidate we develop or complementary or companion diagnostics or additional pricing pressures.

CMS may develop new payment and delivery models, such as bundled payment models. In addition, there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several U.S. Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under government payor programs, and review the relationship between pricing and manufacturer patient programs; and reform government program reimbursement methodologies for drugs. For example, included in the Consolidated Appropriations Act, 2021 were several drug price reporting and transparency measures, such as a new requirement for certain Medicare plans to develop tools to display Medicare Part D prescription drug benefit information in real time and for group and health insurance issuers to report information on pharmacy benefit and drug costs to the Secretaries of the Departments of Health and Human Services, Labor and the Treasury. Additionally, in August 2022, President Biden signed into law the Inflation Reduction Act of 2022 (the "IRA"), which implements substantial changes to the Medicare program, including drug pricing reforms and the creation of new Medicare inflation rebates. Namely, the IRA imposes inflation rebates on drug manufacturers for products reimbursed under Medicare Parts B and D if the prices of those products increase faster than inflation; implements changes to the Medicare Part D benefit that, beginning in 2025, will cap beneficiary annual out-of-pocket spending at $2,000, while imposing new discount obligations for pharmaceutical manufacturers; and, beginning in 2026, establishes a "maximum fair price" for a fixed number of high expenditure pharmaceutical and biological products covered under Medicare Parts B and D following a price negotiation process with CMS. CMS has also taken steps to implement the IRA, including: on June 30, 2023, issuing guidance detailing the requirements and parameters of the first round of price negotiations, to take place during 2023 and 2024, for products subject to the "maximum fair price" provision that would become effective in 2026; on August 29, 2023, releasing the initial list of ten drugs subject to price negotiations; on November 17, 2023, releasing guidance outlining the methodology for identifying certain manufacturers eligible to participate in a phase-in period where discounts on applicable products will be lower than those required by the Medicare Part D Manufacturer Discount Program; and on December 14, 2023, releasing a list of 48 Medicare Part B products that

had an adjusted coinsurance rate based on the inflationary rebate provisions of the IRA for the time period of January 1, 2024 to March 31, 2024. While it remains to be seen how the drug pricing provisions imposed by the IRA will affect the broader pharmaceutical industry, several pharmaceutical manufacturers and other industry stakeholders have challenged the law, including through lawsuits brought against the U.S. Department of Health and Human Services, the Secretary of the U.S. Department of Health and Human Services, CMS, and the CMS Administrator challenging the constitutionality and administrative implementation of the IRA's drug price negotiation provisions. In addition, on February 2, 2022, the Biden administration signaled its continued commitment to the Cancer Moonshot initiative, which was initially launched in 2016. In its announcement, the administration noted that its new goals under the initiative include addressing inequities in order to ensure broader access to cutting-edge cancer therapeutics and investing in a robust pipeline for new treatments. In alignment with President Biden's Cancer Moonshot initiative, on June 27, 2023, the Center for Medicare Innovation at CMS announced a new model, the Enhancing Oncology Model, that is designed to make high-quality cancer care more affordable to both patients and Medicare. On October 14, 2022 President Biden issued an Executive Order on Lowering Prescription Drug Costs for Americans, which instructed the Secretary of the Department of Health and Human Services to consider whether to select for testing by the CMS Innovation Center new health care payment and delivery models that would lower drug costs and promote access to innovative drug therapies for beneficiaries enrolled in the Medicare and Medicaid programs. On February 14, 2023, the Department of Health and Human Services issued a report in response to the October 14, 2022 Executive Order, which, among other things, selects three potential drug affordability and accessibility models to be tested by the CMS Innovation Center. Specifically, the report addresses: (1) a model that would allow Part D Sponsors to establish a "high-value drug list" setting the maximum out-of-pocket costs for certain common generic drugs at $2 per drug per month; (2) a Medicaid-focused model that would establish a partnership between CMS, manufacturers, and state Medicaid agencies that would result in multi-state outcomes-based agreements or certain cell and gene therapy drugs; and (3) a model that would adjust Medicare Part B payment amounts for Accelerated Approval Program drugs to advance the developments of novel treatments. We expect that additional U.S. federal healthcare reform measures will be adopted in the future, any of which could limit the extent to which the U.S. federal government covers particular healthcare products and services and could limit the amounts that the U.S. federal government will pay for healthcare products and services. This could result in reduced demand for our product candidates or additional pricing pressures.

Individual states in the United States have also increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement limitations, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Legally mandated price controls on payment amounts by third-party payors or other restrictions on coverage or access could harm our business, results of operations, financial condition and prospects. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. This could reduce the ultimate demand for our product candidates that we successfully commercialize or put pressure on our product pricing.

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

We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action in the United States. If we or any third parties we may engage are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we or such third parties are not able to maintain regulatory compliance, our product candidates may lose any regulatory approval that may have been obtained and we may not achieve or sustain profitability.

Our relationships with customers, third-party payors and others may be subject to applicable anti-kickback, fraud and abuse and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm, administrative burdens and diminished profits and future earnings.

Healthcare providers, physicians and third-party payors in the United States and elsewhere will play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our

current and future arrangements with healthcare providers, third-party payors, customers, and others may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations, which may constrain the business or financial arrangements and relationships through which we research, as well as sell, market and distribute any products for which we obtain marketing approval. The applicable federal and state healthcare laws and regulations that may affect our ability to operate include, but are not limited to, those described in "Business—Government Regulation—Healthcare Regulation."

Because of the breadth of these laws and the narrowness of the statutory exceptions and regulatory safe harbors available under such laws, it is possible that some of our business activities could be subject to challenge under one or more of such laws. The scope and enforcement of each of these laws is uncertain and subject to rapid change in the current environment of healthcare reform. Federal and state enforcement bodies continue to increase their scrutiny of interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Ensuring that our business arrangements with third parties comply with applicable healthcare laws, as well as responding to investigations by government authorities, can be time and resource consuming and can divert management's attention from the business.

If our operations are found to be in violation of any of the laws described above or any other government regulations that apply to us, we may be subject to penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, individual imprisonment, possible exclusion from participation in federal and state funded healthcare programs, contractual damages and the curtailment or restricting of our operations, as well as additional reporting obligations and oversight if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws. Further, if the physicians or other providers or entities with whom we expect to do business are found not to be in compliance with applicable laws, they may be subject to criminal, civil and administrative sanctions, including exclusion from government funded healthcare programs. In addition, the approval and commercialization of any product candidate we develop outside the United States will also likely subject us to foreign equivalents of the healthcare laws mentioned above, among other foreign laws. All of these could harm our ability to operate our business and our financial results.

We are subject to certain U.S. and foreign anti-corruption, anti-money laundering, export control, sanctions and other trade laws and regulations. We can face serious consequences for violations.

Among other matters, U.S. and foreign anti-corruption, anti-money laundering, export control, sanctions and other trade laws and regulations, which are collectively referred to as Trade Laws, prohibit companies and their employees, agents, clinical research organizations, legal counsel, accountants, consultants, contractors and other partners from engaging in certain prohibited activities, including transacting with certain foreign individuals or companies, operating in or cooperation with entities from certain foreign jurisdictions or with foreign government entities, or authorizing, promising, offering, providing, soliciting, or receiving directly or indirectly, corrupt or improper payments or anything else of value to or from recipients in the public or private sector. Violations of Trade Laws can result in substantial criminal fines and civil penalties, imprisonment, the loss of trade privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm and other consequences.

Our business is heavily regulated and therefore involves significant interaction with public officials. We have direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities and other organizations. We also expect our non-U.S. activities to increase in time. Additionally, in many other countries, the health care providers who prescribe pharmaceuticals are employed by their government, and the purchasers of pharmaceuticals are government entities; therefore, our dealings with these prescribers and purchasers are subject to regulation under the U.S. Foreign Corrupt Practices Act of 1977, as amended, or "FCPA". We plan to engage third parties for clinical trials or to obtain necessary permits, licenses, patent registrations, and other regulatory approvals and we can be held liable for the corrupt or other illegal activities of our personnel, agents, or partners, even if we do not explicitly authorize or have prior knowledge of such activities. In particular, our operations will be subject to FCPA, which prohibits, among other things, U.S. companies and their employees and agents from authorizing, promising, offering, or providing, directly or indirectly, corrupt or improper payments or anything else of value to foreign government officials, employees of public international organizations and foreign government-owned or affiliated entities, candidates for foreign political office, and foreign political parties or officials thereof. Recently, the SEC and Department of Justice have increased their FCPA enforcement activities with respect to biotechnology and pharmaceutical companies. There is no certainty that all of our employees, agents, suppliers, manufacturers, contractors, or collaborators, or those of our affiliates, will comply with all applicable laws and regulations, particularly given the high level of complexity of these laws.

Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers, or our employees, the closing down of facilities, including those of our suppliers and manufacturers, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs and prohibitions on the conduct of our business. Any such violations could also result in prohibitions on our ability to offer our products in one or more countries as well as difficulties in manufacturing or continuing to develop our products, and could materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees and our business, prospects, operating results and financial condition.

We collaborate with research institutions, strategic business partners, and contractors, including contract manufacturing organizations, that are located within, and exist under the laws of foreign countries. As the Trade Laws evolve and change, it may restrict our ability to continue to collaborate with our preferred partners, institutions and contractors abroad. If Trade Laws are adopted that impact our foreign collaborators, such laws could materially negatively impact our ability to develop, manufacture and obtain marketing approval for our product candidates. For example, the BIOSECURE Act (H.R. 7085) legislation introduced in the United States Congress on January 25, 2024, if enacted, could restrict the ability of U.S. pharmaceutical companies to collaborate with certain Chinese entities without losing the ability to contract with the U.S. government. Such could harm our ability to operate our business and our financial results.

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

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

Although we maintain workers' compensation insurance to cover us for costs and expenses, we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological or hazardous materials.

Risks Related to Manufacturing

Given our limited operating history, our manufacturing experience as an organization and with our manufacturing facility is limited.

Manufacturing is a critical component of our approach to developing therapies and we have invested significantly in our manufacturing facility. We had manufactured our product candidates for preclinical and clinical trials, but announced as part of our restructuring, paused the manufacturing operations as we believe ample clinical mAb supply has been produced, including the LNCB74 mAb intermediate, to supply programs in the near term.

Manufacturing drugs for clinical trials and for commercial sale is subject to oversight by the FDA to ensure compliance with cGMP and by other regulatory authorities under other laws, regulations and standards. We cannot assure you that we can successfully manufacture our products in compliance with cGMP and with any other applicable laws, regulations and standards in sufficient quantities for clinical trials or for commercial sale, or in a timely or economical manner.

Our manufacturing facility requires specialized personnel and is expensive to operate and maintain. Validation is an ongoing process that must be maintained to allow us to manufacture under cGMP guidelines. We cannot guarantee that our facility will remain in compliance with cGMP.

Manufacturing pharmaceutical products is a highly complex process in which a variety of difficulties may arise from time to time. We are currently the sole manufacturer of NC410, and the sole manufacturer of antibody materials for

LNCB74, and if anything were to interfere with our continuing manufacturing operations in our facility, it could materially adversely affect our business and financial condition.

If we fail to secure sufficient manufacturing capacity with a suitable third party, or fail to manufacture our product candidates economically or on reasonable scale or volumes, or in accordance with cGMP, our development programs and commercialization of any approved products will be materially adversely affected. This may result in delays in commencing or continuing our clinical trials for NC410 and LNCB74. Any such delays could materially adversely affect our business and financial condition.

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

In order to conduct clinical trials of our product candidates, we will need to manufacture them in sufficient quantities. Currently, our product candidates are manufactured in small quantities for use in various preclinical studies and our ongoing Phase 1/2 clinical trials of NC410 Combo and Phase 1 clinical trial of NC525. If one or more of our product candidates progress to late-stage development, we will need to scale up our internal capabilities or otherwise source suitable third party manufacturing capabilities, which may require additional significant expenses in the further expansion or construction of manufacturing facilities and increases in personnel in order to manufacture product candidates in sufficient quantities. We cannot assure you that we will be able to successfully manufacture product candidates at a larger scale in a timely or economical manner, or at all. If we are unable to successfully scale our internal and/or external manufacturing capacity, the development, testing and clinical trials of our current or future product candidates may be delayed or infeasible, and regulatory approval or commercial launch of any resulting product may be delayed or not obtained, which could significantly harm our business.

The loss of our third-party manufacturing partners or our, or our partners', failure to comply with applicable regulatory requirements or to supply sufficient quantities at acceptable quality levels or prices, or at all, would materially and adversely affect our business.

Although we have manufactured our product candidates NC410 and NC525 for preclinical and clinical trials, certain elements of manufacturing, including Master Cell Bank manufacturing and fill-finish services, take place at qualified third-party contract manufacturing organizations, or CMOs. Further, we are working with CMOs to manufacture drug substance for LNCB74 in addition to providing Master Cell Bank manufacturing and fill-finish services. If approved, commercial supply of NC410, LNCB74 and any future product candidates may be manufactured at a CMO or CMOs.

The facilities used by our CMOs to manufacture our product candidates are subject to various regulatory requirements and may be subject to the inspection of the FDA or other regulatory authorities. We do not control the manufacturing process at our CMOs and are completely dependent on them for compliance with current regulatory requirements. If we or our CMOs cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or comparable regulatory authorities in foreign jurisdictions, we may not be able to rely on their manufacturing facilities for manufacturing elements of our product candidates. In addition, we have limited control over the ability of our CMOs to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or a comparable foreign regulatory authority finds our facilities or those of our CMOs inadequate for manufacturing our product candidates or if such facilities are subject to enforcement action in the future or are otherwise inadequate, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our product candidates.

Further, any facilities located outside the United States that are used by our CMOs to manufacture our product candidates, including LNCB74, will likewise be subject to various regulatory requirements of the jurisdiction in which they are located and in addition be subject to Trade Laws and regulations of the United States that may restrict our ability to continue to utilize our preferred CMOs. For example, WuXi XDC, which is currently the only CDMO we currently use to conjugate our B7-H4 antibody and produce LNCB74 ADC drug product, is affiliated with WuXi AppTec. WuXi AppTec was identified as a United States national security threat in the proposed BIOSECURE Act, which if enacted, or if alternatively implemented through executive or administrative action, could restrict WuXi's business in the United States or the ability of businesses in the United States to conduct business with WuXi. Moreover, if a foreign regulatory authority curtails operations at such foreign facilities of our CMOs, or if Trade Laws are adopted limiting our ability to use such

CMO facilities, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our product candidates.

Additionally, our CMOs may experience manufacturing difficulties due to resource constraints or as a result of labor disputes or unstable political environments. If our CMOs were to encounter any of these difficulties, our ability to provide our product candidate to patients in clinical trials, or to provide product for the treatment of patients once approved, would be jeopardized.

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

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

- product loss during the manufacturing process, including loss caused by contamination, equipment failure or improper installation or operation of equipment, or operator error. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered in our products or in the manufacturing facilities in which our products are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination;

- the manufacturing facilities in which our products are made could be adversely affected by equipment failures, labor and raw material shortages, including due to restrictions on the movement of people or goods, natural disasters, public health emergencies, power failures, other business disruptions and numerous other factors; and

- any adverse developments affecting manufacturing operations for our products may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, or other interruptions in the supply of our products. We may also have to take inventory write-offs and incur other charges and expenses for products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives.

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

We depend on third-party suppliers for key materials used in our manufacturing processes, and the loss of these third-party suppliers or their inability to supply us with adequate materials, or rising prices due to inflation, could harm our business.

We rely on third-party suppliers for certain materials and components required for the production of our product candidates. Our dependence on these third-party suppliers and the challenges we may face in obtaining adequate supplies of materials involve several risks, including limited control over pricing, availability, and quality and delivery schedules. As a small company, our negotiation leverage is limited, and we are likely to get lower priority than our competitors that are larger than we are. In addition, COVID-19, the war in Russia and Ukraine, and resulting economic conditions have disrupted global supply chains, including pharmaceutical and medical supply chains. We cannot be certain that our suppliers will continue to provide us with the quantities of the raw materials that we require or satisfy our anticipated specifications and quality requirements whether due to our size, COVID-19, or otherwise. Any supply interruption in limited or sole sourced raw materials could materially harm our ability to manufacture our product candidates until a new source of supply, if any, could be identified and qualified. We may be unable to find a sufficient alternative supply channel in a reasonable time or on commercially reasonable terms. Any performance failure on the part of our suppliers could delay the development and potential commercialization of our product candidates, including limiting supplies necessary

for clinical trials and regulatory approvals, which would have a material adverse effect on our business. In addition, the current inflationary period may result in higher prices from our suppliers, which could materially increase our costs.

Changes in methods of product candidate manufacturing or formulation may result in additional costs or delay.

As product candidates proceed through preclinical studies to late-stage clinical trials towards potential approval and commercialization, it is common that various aspects of the development program, such as manufacturing methods and formulation, are altered along the way in an effort to optimize processes and results. Such changes carry the risk that they will not achieve these intended objectives. Any of these changes could cause our product candidates to perform differently and affect the results of planned clinical trials or other future clinical trials conducted with the materials manufactured using altered processes. Such changes may also require additional testing, FDA notification or FDA approval. This could delay completion of clinical trials, require the conduct of bridging clinical trials or the repetition of one or more clinical trials, increase clinical trial costs, delay approval of our product candidates and jeopardize our ability to commence sales and generate revenue.

Risks Related to Intellectual Property

We have filed patent applications for our product candidates, but no patent has yet issued from these applications. If we are unable to obtain and maintain patent protection for our product candidates, or if the scope of the patent protection obtained is not sufficiently broad or robust, our competitors could develop and commercialize products similar or identical to ours, and our ability to successfully commercialize our product candidates may be adversely affected.

Our success depends, in large part, on our ability to obtain and maintain patent protection in the United States and other countries with respect to our product candidates. We and our licensors have sought, and intend to seek, to protect our proprietary position by filing patent applications in the United States and abroad related to our product candidates and technology that are important to our business. To date, only a limited number of patents have issued from our patent applications. The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has, in recent years, been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Our pending and future patent applications may not result in patents being issued that protect our technology or product candidates or that effectively prevent others from commercializing competitive technologies and product candidates. Because patent applications in the United States and most other countries are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we or our licensors were the first to file a patent application relating to any particular aspect of a product candidate. Furthermore, if third parties have filed such patent applications, we may challenge their ownership, for example in a derivation proceeding before the USPTO, to determine who has the right to the claimed subject matter in the applications. Similarly, if our patent applications are challenged in a derivation proceeding, the USPTO may hold that a third-party is entitled to certain patent ownership rights instead of us. We may then be forced to seek a license from the third party that may not be available on commercially favorable terms, or at all.

The patent prosecution process is expensive, time-consuming and complex, and we may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection.

Even if the patent applications we license or own do issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us or otherwise provide us with any competitive advantage. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products that do not infringe our patents.

We are party to a license agreement with Yale University under which we acquired rights to intellectual property related to certain of our product candidates. If we breach our obligations under this agreement, the agreement could be terminated, which would adversely affect our business and prospects.

We are a party to a license agreement with Yale pursuant to which we in-license patents and technology for certain of our product candidates. This license imposes various diligence, milestone payment, royalty, insurance and other obligations on us. If we fail to comply with these and other obligations or otherwise materially breach this license

agreement, Yale may have the right to terminate the license. If this agreement is terminated, we may not be able to develop, manufacture, market or sell the product candidates or products covered by the agreement, or we would have to negotiate a new or reinstated agreement, which may not be available to us on equally favorable terms, or at all.

Our intellectual property agreements with third parties may be subject to disagreements over contract interpretation, which could narrow the scope of our rights to the relevant intellectual property or technology or increase our financial or other obligations to our licensors.

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

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by government patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other government fees on patents or applications will be due to be paid to the USPTO and various government patent agencies outside of the United States over the lifetime of our licensed patents or applications and any patent rights we own or may own in the future. We rely, in part, on our outside counsel or our licensing partners to pay these fees due to the USPTO and to non-U.S. patent agencies. The USPTO and various non-U.S. government patent agencies require compliance with several procedural, documentary, fee payment and other similar provisions during the patent application process. In many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. There are situations, however, in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market and this circumstance could have a material adverse effect on our business.

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

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

Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or any of our licensors is forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired and our business, financial condition, results of operations and prospects may be adversely affected.

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

Changes in either the patent laws or interpretation of the patent laws in the United States could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. Assuming that other requirements for patentability were met, prior to March 2013, in the United States, the first to invent

the claimed invention was entitled to the patent, while outside the United States, the first to file a patent application was entitled to the patent. After March 2013, under the Leahy-Smith America Invents Act, or the "America Invents Act", the United States transitioned to a first inventor to file system in which, assuming that other requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the claimed invention. The America Invents Act also included a number of significant changes that affected the way patent applications are prosecuted and also may affect patent litigation. These include allowing third-party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity or ownership of a patent by USPTO administered post-grant proceedings, including post-grant review, *inter partes* review and derivation proceedings. Additional changes in patent law could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, the patent positions of companies in the development and commercialization of biologics and pharmaceuticals are particularly uncertain. Recent rulings from the U.S. Court of Appeals for the Federal Circuit and the U.S. Supreme Court have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. This combination of events has created uncertainty with respect to the validity and enforceability of patents. Depending on future actions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our existing patent portfolio and our ability to protect and enforce our intellectual property in the future.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful.

Competitors may infringe our patents or the patents of our licensors, or we may be required to defend against claims of infringement. Countering infringement or unauthorized use claims or defending against claims of infringement can be expensive and time-consuming. Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future marketing, sales or distribution activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

In addition, many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we own, develop or license.

Issued patents covering our product candidates could be found invalid or unenforceable if challenged in court. We may not be able to protect our trade secrets in court.

If we or one of our licensing partners initiate legal proceedings against a third party to enforce any patent that is issued covering one of our product candidates, the defendant could counterclaim that the patent covering our product candidate is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, written description or non-enablement. In addition, patent

validity challenges may, under certain circumstances, be based upon non-statutory obviousness-type double patenting, which, if successful, could result in a finding that the claims are invalid for obviousness-type double patenting or the loss of patent term, including a patent term adjustment granted by the USPTO, if a terminal disclaimer is filed to obviate a finding of obviousness-type double patenting. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld information material to patentability from the USPTO, or made a misleading statement, during prosecution. Third parties also may raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post grant review, *inter partes* review and equivalent proceedings in foreign jurisdictions. Such proceedings could result in the revocation or cancellation of or amendment to our patents in such a way that they no longer cover our product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. We cannot be certain that there is no invalidating prior art of which the patent examiner and we or our licensing partners were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we could lose part, and perhaps all, of the patent protection on one or more of our product candidates. Such a loss of patent protection could have a material adverse impact on our business.

In addition to the protection afforded by patents, we rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable or that we elect not to patent, processes for which patents are difficult to enforce and any other elements of our product candidate discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents, including portions of our FIND platform. However, trade secrets can be difficult to protect, and some courts inside and outside the United States are less willing or unwilling to protect trade secrets.

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

Our commercial success depends upon our ability and the ability of any collaborators to develop, manufacture, market and sell our product candidates and use our proprietary technologies without infringing the proprietary rights and intellectual property of third parties. We cannot provide any assurances that third-party patents do not exist which might be enforced against our current manufacturing methods, product candidates or future methods or products, resulting in either an injunction prohibiting our manufacture or sales, or, with respect to our sales, an obligation on our part to pay royalties or other forms of compensation to third parties.

The biotechnology and pharmaceutical industries are characterized by extensive and complex litigation regarding patents and other intellectual property rights. We may in the future become party to, or be threatened with, adversarial proceedings or litigation regarding intellectual property rights with respect to our product candidates and technology, including post grant review and *inter partes* review before the USPTO. The risks of being involved in such litigation and proceedings may also increase as our product candidates approach commercialization and as we gain greater visibility as a public company. Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future, regardless of their merit. There is a risk that third parties may choose to engage in litigation with us to enforce or to otherwise assert their patent rights against us. Even if we believe such claims are without merit, a court of competent jurisdiction could hold that these third-party patents are valid, enforceable and infringed, which could materially and adversely affect our ability to commercialize any of our product candidates or technologies covered by the asserted third-party patents.

If we are found to infringe a third party's valid and enforceable intellectual property rights, we could be required to obtain a license from such third party to continue developing, manufacturing and marketing our product candidates and technology. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us, and it could require us to make substantial licensing and royalty payments. We could be forced, including by court order, to cease developing, manufacturing and commercializing the infringing technology or product candidates. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent or other intellectual property right. A finding of infringement could prevent us from manufacturing and commercializing our product candidates or force us to cease some of our business operations, which could materially harm our business. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on our business, financial condition, results of operations and prospects.

Others may claim an ownership interest in our intellectual property and our product candidates, which could expose us to litigation and have a significant adverse effect on our prospects.

While we are presently unaware of any claims or assertions by third parties with respect to our patents or other intellectual property, we cannot guarantee that a third party will not assert a claim or an interest in any of such patents or intellectual property. For example, a third party may claim an ownership interest in one or more of our, or our licensors', patents or other proprietary or intellectual property rights. A third party could bring legal actions against us to seek monetary damages or enjoin clinical testing, manufacturing or marketing of the affected product candidate or product. If we become involved in any litigation, it could consume a substantial portion of our resources and cause a significant diversion of effort by our technical and management personnel. If any such action is successful, in addition to any potential liability for damages, we could be required to obtain a license to continue to manufacture or market the affected product candidate or product, in which case we could be required to pay substantial royalties or grant cross-licenses to patents. We cannot, however, assure you that any such license would be available on acceptable terms, if at all. Ultimately, we could be prevented from commercializing a product, or forced to cease some aspect of our business operations as a result of claims of patent infringement or violation of other intellectual property rights. Further, the outcome of intellectual property litigation is subject to uncertainties that cannot be adequately quantified in advance, including the demeanor and credibility of witnesses and the identity of any adverse party. This is especially true in intellectual property cases, which may turn on the testimony of experts as to technical facts upon which experts may reasonably disagree. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations or prospects.

If we are unable to protect the confidentiality of our proprietary information, the value of our technology and products could be adversely affected.

Trade secrets and know-how can be difficult to protect. To maintain the confidentiality of trade secrets and proprietary information, we enter into confidentiality agreements with our employees, consultants, collaborators and others upon the commencement of their relationships with us. These agreements require that all confidential information developed by the individual or made known to the individual by us during the course of the individual's relationship with us be kept confidential and not disclosed to third parties. Our agreements with employees and our personnel policies also provide that any inventions conceived by the individual in the course of rendering services to us shall be our exclusive property. However, we cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary technology and processes, and individuals with whom we have these agreements may not comply with their terms. Thus, despite such agreement, there can be no assurance that such inventions will not be assigned to third parties. In the event of unauthorized use or disclosure of our trade secrets or proprietary information, these agreements, even if obtained, may not provide meaningful protection, particularly for our trade secrets or other confidential information. To the extent that our employees, consultants or contractors use technology or know-how owned by third parties in their work for us, disputes may arise between us and those third parties as to the rights in related inventions. To the extent that an individual who is not obligated to assign rights in intellectual property to us is rightfully an inventor of intellectual property, we may need to obtain an assignment or a license to that intellectual property from that individual, or a third party or from that individual's assignee. Such assignment or license may not be available on commercially reasonable terms or at all. We also seek to preserve the integrity and confidentiality of our trade secrets by other means, including maintaining physical security of our premises and physical and electronic security of our information technology systems. However, these security measures may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property.

Adequate remedies may not exist in the event of unauthorized use or disclosure of our proprietary information. The disclosure of our trade secrets would impair our competitive position and may materially harm our business, financial condition and results of operations. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to maintain trade secret protection could adversely affect our competitive business position. In addition, others may independently discover or develop our trade secrets and proprietary information, and the existence of our own trade secrets affords no protection against such independent discovery. For example, a public presentation in the scientific or popular press on the properties of our product candidates could motivate a third party, despite any perceived difficulty, to assemble a team of scientists having backgrounds similar to those of our employees to attempt to independently reverse engineer or otherwise duplicate our antibody technologies to replicate our success.

We may be subject to claims asserting that our employees, consultants or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers.

Many of our employees, consultants or advisors are currently, or were previously, employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that these individuals, or we, have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer, or that patents and applications we have filed to protect inventions of these employees, even those related to one or more of our product candidates, are rightfully owned by their former or current employer. Litigation may be necessary to defend against these claims. For example, in 2021, a third party filed a lawsuit in Federal court against the Company, and in 2022 claims were added to that lawsuit to add our Chief Executive Officer as a co-defendant with Company. This lawsuit alleges that our Chief Executive Officer breached contractual and fiduciary duties he owed to the plaintiff by, among other things, improperly utilizing plaintiff's purported confidential information to benefit the Company's business, including with respect to our discovery efforts. For more information regarding these proceedings, please refer to Note 8 to the Company's Financial Statements. If we fail in defending claims of misappropriation and similar claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

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

Any registered trademarks or trade names may be challenged, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively, and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely impact our financial condition or results of operations.

Intellectual property rights do not necessarily address all potential threats.

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

- others may be able to make products that are similar to our product candidates but that are not covered by the claims of the patents that we own or license or may own in the future;
- we, or any partners or collaborators, might not have been the first to make the inventions covered by the issued patent or pending patent application that we license or may own in the future;
- we, or any partners or collaborators, might not have been the first to file patent applications covering certain of our or their inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our owned or licensed intellectual property rights;
- it is possible that our pending licensed patent applications or those that we may own in the future will not lead to issued patents;
- issued patents that we hold rights to may be held invalid or unenforceable, including as a result of legal challenges by our competitors;

- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable;
- the patents of others may have an adverse effect on our business; and
- we may choose not to file a patent for certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property.

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

Risks Related to Reliance on Third Parties

We rely or will rely on third parties to help conduct our ongoing and planned preclinical studies and clinical trials for NC410, NC525, LNCB74 and any future product candidates we develop. If these third parties do not successfully carry out their contractual duties, comply with regulatory requirements or meet expected deadlines, we may not be able to obtain marketing approval for or commercialize NC410, NC525, LNCB74 and any future product candidates we develop, and our business could be materially harmed.

We currently do not have the ability to independently conduct preclinical studies that comply with GLP requirements. We also do not currently have the ability to independently conduct any clinical trials. The FDA and regulatory authorities in other jurisdictions require us to comply with regulations and standards, including cGCP, or requirements for conducting, monitoring, recording and reporting the results of clinical trials, in order to ensure that the data and results are scientifically credible and accurate and that the trial subjects are adequately informed of the potential risks of participating in clinical trials. We rely on medical institutions, clinical investigators, contract laboratories and other third parties, such as CROs, to conduct GLP-compliant preclinical studies and cGCP-compliant clinical trials on our product candidates properly and on time. While we have agreements governing their activities, we control only certain aspects of their activities and have limited influence over their actual performance. The third parties with whom we contract for execution of our GLP-compliant preclinical studies and our cGCP-compliant clinical trials play a significant role in the conduct of these studies and trials and the subsequent collection and analysis of data. These third parties are not our employees and, except for restrictions imposed by our contracts with such third parties, we have limited ability to control the amount or timing of resources that they devote to our current or future product candidates. Although we rely on these third parties to conduct our GLP-compliant preclinical studies and cGCP-compliant clinical trials, we remain responsible for ensuring that each of our preclinical studies and clinical trials is conducted in accordance with its investigational plan and protocol and applicable laws and regulations, and our reliance on the CROs does not relieve us of our regulatory responsibilities.

Many of the third parties with whom we contract may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials or other drug development activities that could harm our competitive position. Further, under certain circumstances, these third parties may terminate their agreements with us upon as little as 10 days' prior written notice. Some of these agreements may also be terminated by such third parties under certain other circumstances. If the third parties conducting our preclinical studies or our clinical trials do not adequately perform their contractual duties or obligations, experience significant business challenges, disruptions or failures, including as a result of natural disasters or public health emergencies such as the COVID-19 pandemic, do not meet expected deadlines, terminate their agreements with us or need to be replaced, or if the quality or accuracy of the data they obtain is compromised due to their failure to adhere to our protocols or to GLP and cGCP, or for any other reason, we may need to enter into new arrangements with alternative third parties. This could be difficult, costly or impossible, and our preclinical studies or clinical trials may need to be extended, delayed, terminated or repeated. As a result, we may not be able to obtain regulatory approval in a timely fashion, or at all, for the applicable product candidate, our financial results and the commercial prospects for our product candidates would be harmed, our costs could increase and our ability to generate revenues could be delayed.

We may depend on third-party collaborators for the discovery, development and commercialization of certain of our current and future product candidates. If our collaborations are not successful, we may not be able to capitalize on the market potential of these product candidates.

In the future, we may form or seek other strategic alliances, joint ventures or collaborations, or enter into additional licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to product candidates we develop.

Our collaborations pose, and potential future collaborations involving our product candidates may pose, the following risks to us:

- collaborators may have significant discretion in determining the efforts and resources that they will apply to these collaborations;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products or product candidates;
- collaborators may not properly enforce, maintain or defend our intellectual property rights or may use our proprietary information in a way that gives rise to actual or threatened litigation or that could jeopardize or invalidate our intellectual property or proprietary information, exposing us to potential litigation or other intellectual property proceedings;
- collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability;
- disputes may arise between a collaborator and us that cause the delay or termination of the research, development or commercialization of the product candidate, or that result in costly litigation or arbitration that diverts management attention and resources;
- a collaborator with marketing and distribution rights to one or more of our product candidates that achieve regulatory approval may not commit sufficient resources to the marketing and distribution of such products;
- if a present or future collaborator were to be involved in a business combination, the continued pursuit and emphasis on our product development or commercialization program under such collaboration could be delayed, diminished or terminated; and
- collaboration agreements may restrict our right to independently pursue new product candidates.

If we enter into additional collaboration agreements and strategic partnerships or license our intellectual property, products or businesses, we may not be able to realize the benefit of such transactions if we are unable to successfully integrate them with our existing operations, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or license, we will achieve the revenue or net income that justifies such transaction. Any of the factors set forth above and any delays in entering into new collaborations or strategic partnership agreements related to any product candidate we develop could delay the development and commercialization of our product candidates, which would harm our business prospects, financial condition and results of operations.

In the event a present or future collaborator terminates their agreement with us, we would be prevented from receiving the benefits of any such agreement, which could have a materially adverse effect on our results of operations.

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

The advancement of our product candidates and development programs and the potential commercialization of our current and future product candidates will require substantial additional cash to fund expenses. For some of our current or future product candidates, we may decide to collaborate with additional pharmaceutical and biotechnology companies with respect to development and potential commercialization. Any of these relationships may require us to incur non-

recurring and other charges, increase our near- and long-term expenditures, issue securities that dilute our existing stockholders, or disrupt our management and business.

We face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Whether we reach a definitive agreement for other collaborations will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the collaborator's evaluation of a number of factors. Those factors may include the design or results of clinical trials, the progress of our clinical trials, the likelihood of approval by the FDA or similar regulatory authorities outside the United States, the potential market for the subject product candidate, the costs and complexities of manufacturing and delivering such product candidate to patients, the potential of competing products, the existence of uncertainty with respect to our ownership of technology, which can exist if there is a challenge to such ownership without regard to the merits of the challenge and industry and market conditions generally. The collaborator may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with us for our product candidate.

Further, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for future product candidates because they may be deemed to be at too early of a stage of development for collaborative effort and third parties may not view them as having the requisite potential to demonstrate safety and efficacy.

We may also be restricted under existing collaboration agreements from entering into future agreements on certain terms with potential collaborators. Such exclusivity could limit our ability to enter into strategic collaborations with future collaborators. In addition, there have been a significant number of recent business combinations among large pharmaceutical companies that have resulted in a reduced number of potential future collaborators.

We may not be able to negotiate collaborations on a timely basis, on acceptable terms, or at all. If we are unable to do so, we may have to curtail the development of the product candidate for which we are seeking to collaborate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any marketing or sales activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms or at all. If we do not have sufficient funds, we may not be able to further develop our product candidates or bring them to market and generate product revenue.

Risks Related to Our Business

We are highly dependent on our key personnel, and if we are not successful in attracting, motivating and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.

We are highly dependent on members of our executive team. The loss of the services of any of them may adversely impact the achievement of our objectives. Any of our executive officers could leave our employment at any time, as all of our employees are "at-will" employees, and we do not have "key person" insurance on them. The loss of the services of one or more of our executive officers or of certain members of our SAB could impede the achievement of our research, development and commercialization objectives.

Recruiting and retaining qualified employees, consultants and advisors for our business, including scientific and technical personnel, is critical to our success. We have observed an increasingly competitive labor market. Increased employee turnover and changes in the availability of our workers could result in increased costs. We may not be able to attract and retain personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies and academic institutions for skilled individuals. In addition, failure to succeed in preclinical studies, clinical trials or applications for marketing approval may make it more challenging to recruit and retain qualified personnel. The inability to recruit, or the loss of services of certain executives, key employees, consultants or advisors, may impede the progress of our research, development and commercialization objectives and have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We face significant competition from other biotechnology and pharmaceutical companies, and our operating results will suffer if we fail to compete effectively.

The biotechnology industry is intensely competitive and subject to rapid and significant technological change. Our current or future product candidates may face competition from major pharmaceutical companies, specialty pharmaceutical companies, universities and other research institutions and from products and therapies that currently exist or are being developed, some of which products and therapies we may not currently know about. Many of our competitors have significantly greater financial, manufacturing, marketing, product development, technical and human resources than we do. Large pharmaceutical companies, in particular, have extensive experience in clinical testing, obtaining marketing approvals, recruiting patients and manufacturing pharmaceutical products, and they may also have products that have been approved or are in late stages of development, and collaborative arrangements in our target markets with leading companies and research institutions. Established pharmaceutical companies may also invest heavily to accelerate discovery and development of novel compounds or to in-license novel compounds that could make the product candidates that we develop obsolete. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. As a result of all of these factors, our competitors may succeed in obtaining patent protection and/or FDA or other regulatory approval or discovering, developing and commercializing products in our field before we do, which could result in our competitors establishing a strong market position before we are able to enter the market.

Our competitors may obtain FDA or other regulatory approval of their product candidates more rapidly than we may or may obtain patent protection or other intellectual property rights that limit our ability to develop or commercialize our product candidates or platform technologies. Our competitors may also develop drugs or discovery platforms that are more effective, more convenient, more widely used or less costly than our product candidates or, in the case of drugs, have a better safety profile than our product candidates. These competitors may also be more successful than us in manufacturing and marketing their products and have significantly greater financial resources and expertise in research and development.

There are a large number of companies developing or marketing treatments for cancer, including many major pharmaceutical and biotechnology companies. Currently marketed oncology drugs and therapeutics range from traditional cancer therapies, including chemotherapy, to antibody-drug conjugates, such as Genentech's Kadcyla, to immune checkpoint inhibitors targeting CTLA-4, such as BMS' Yervoy, and PD-1/PD-L1, such as BMS' Opdivo, Merck & Co.'s Keytruda and Genentech's Tecentriq, to T-cell-engager immunotherapies, such as Amgen's Blincyto. Companies are also developing treatments targeting the Siglec family of proteins, such as Celldex Therapeutics and Palleon Pharmaceuticals, both of which are currently engaged in preclinical studies. In addition, numerous compounds are in clinical development for cancer treatment. Many of these companies are well-capitalized and have significant clinical experience (see "Business —Competition").

Smaller and other early-stage companies may also prove to be significant competitors. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our current and future product candidates. In addition, the biopharmaceutical industry is characterized by rapid technological change. If we fail to stay at the forefront of technological change, we may be unable to compete effectively. Technological advances or products developed by our competitors may render our product candidates obsolete, less competitive or not economical.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient, have a broader label, are marketed more effectively, are reimbursed or are less expensive than any products that we may develop. Our competitors may also obtain patent protection or other intellectual property rights that limit our ability to develop or commercialize our product candidates or platform technologies. Even if our product candidates achieve marketing approval, they may be priced at a significant premium over competitive products if any have been approved by then, resulting in reduced competitiveness. If we do not compete successfully, we may not generate or derive sufficient revenue from any product candidate for which we obtain marketing approval and may not become or remain profitable.

We may need to grow the size of our organization, and we may experience difficulties in managing future growth.

As our development plans and strategies develop, we may need additional managerial, operational, marketing, sales, financial and other personnel. Future growth would impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining and motivating additional employees;
- managing our internal development efforts effectively, including the clinical and FDA review process for NC410, LNCB74 and any future product candidates we develop, while complying with our contractual obligations to contractors and other third parties; and
- improving our operational, financial and management controls, reporting systems and procedures.

Our future financial performance and our ability to advance development of and, if approved, commercialize NC410, LNCB74 and any future product candidates we develop will depend, in part, on our ability to effectively manage any future growth, and our management may have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

We currently rely, and for the foreseeable future will continue to rely, in substantial part on certain independent organizations, advisors and consultants to provide certain services. We cannot assure you that the services of independent organizations, advisors and consultants will continue to be available to us on a timely basis when needed, or that we can find qualified replacements. In addition, if we are unable to effectively manage our outsourced activities or if the quality or accuracy of the services provided by consultants is compromised for any reason, our clinical trials may be extended, delayed or terminated, and we may not be able to obtain marketing approval of any current or future product candidates or otherwise advance our business. We cannot assure you that we will be able to manage our existing consultants or find other competent outside contractors and consultants on economically reasonable terms, or at all.

If we are not able to effectively expand our organization by hiring new employees and expanding our groups of consultants and contractors, we may not be able to successfully implement the tasks necessary to further develop and commercialize NC410, LNCB74 and any future product candidates we develop and, accordingly, may not achieve our research, development and commercialization goals.

If we are unable to establish marketing, sales and distribution capabilities for NC410, LNCB74 or any other product candidate that may receive regulatory approval, we may not be successful in commercializing those product candidates if and when they are approved.

We do not have sales or marketing infrastructure. To achieve commercial success for NC410, LNCB74 and any other product candidate for which we may obtain marketing approval, we will need to establish a sales and marketing organization. In the future, we expect to build a focused sales and marketing infrastructure to market some of our product candidates in the United States, if and when they are approved. There are risks involved with establishing our own marketing, sales and distribution capabilities. For example, recruiting and training a sales force is expensive and time consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel.

Factors that may inhibit our efforts to market our products on our own include:

- our inability to recruit, train and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to physicians in order to educate physicians about our product candidates, once approved;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and

- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

If we are unable to establish our own marketing, sales and distribution capabilities and are forced to enter into arrangements with, and rely on, third parties to perform these services, our revenue and our profitability, if any, are likely to be lower than if we had developed such capabilities ourselves. In addition, we may not be successful in entering into arrangements with third parties to sell, market and distribute our product candidates or may be unable to do so on terms that are favorable to us. We likely will have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively. If we do not establish marketing, sales and distribution capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates.

Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of our product candidates.

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

- decreased demand for any product candidate we may develop;
- withdrawal of trial participants;
- termination of clinical trial sites or entire trial programs;
- injury to our reputation and significant negative media attention;
- initiation of investigations by regulators;
- significant time and costs to defend the related litigation;
- substantial monetary awards to trial subjects or patients;
- diversion of management and scientific resources from our business operations; and
- the inability to commercialize any product candidates that we may develop.

While we currently hold trial liability insurance coverage consistent with industry standards, the amount of coverage may not adequately cover all liabilities that we may incur. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise. We intend to expand our insurance coverage for products to include the sale of commercial products if we obtain marketing approval for our product candidates, but we may be unable to obtain commercially reasonable product liability insurance. A successful product liability claim or series of claims brought against us, particularly if judgments exceed our insurance coverage, could decrease our cash and adversely affect our business and financial condition.

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

We are subject to the periodic reporting requirements of the Exchange Act. We designed our disclosure controls and procedures to reasonably assure that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures or internal controls and procedures, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

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

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

We have incurred substantial losses during our history and do not expect to become profitable in the near future, and we may never achieve profitability. To the extent that we continue to generate taxable losses, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire. As of December 31, 2023, we had federal and state net operating loss carryforwards of $203.9 million and $208.5 million, respectively. Certain federal and state net operating loss carryforwards will begin to expire, if not utilized, by 2036. Limitations imposed by the applicable jurisdictions on our ability to utilize net operating loss carryforwards could cause income taxes to be paid earlier than would be paid if such limitations were not in effect and could cause such net operating loss carryforwards to expire unused, in each case reducing or eliminating the benefit of such net operating loss carryforwards. Furthermore, we may not be able to generate sufficient taxable income to utilize our net operating loss carryforwards before they expire. If any of these events occur, we may not derive some or all of the expected benefits from our net operating loss carryforwards. In addition, we may experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. As a result, even if we earn net taxable income, our ability to use our net operating loss and tax credit carryforwards may be materially limited, which could harm our future operating results by effectively increasing our future tax obligations.

Natural disasters or other unexpected events may disrupt our operations, adversely affect our results of operations and financial condition, and may not be covered by insurance.

The occurrence of one or more unexpected events, including fires, tornadoes, tsunamis, hurricanes, earthquakes, floods, and other forms of severe hazards in the United States or in other countries in which we or our suppliers or manufacturers operate or are located could adversely affect our operations and financial performance. These types of unexpected events could result in physical damage to and complete or partial closure of one or more of the manufacturing facilities operated by our contract manufacturers, or the temporary or long-term disruption in the supply of products, and/or disruption of our ability to deliver products to customers. Further, the long-term effects of climate change on general economic conditions and the pharmaceutical manufacturing and distribution industry in particular are unclear, and changes in the supply, demand or available sources of energy and the regulatory and other costs associated with energy production and delivery may affect the availability or cost of goods and services, including natural resources, necessary to run our businesses. Existing insurance arrangements may not provide protection for the costs that may arise from such events, particularly if such events are catastrophic in nature or occur in combination. Any long-term disruption in our ability to service our customers from one or more distribution centers or outsourcing facilities could have a material adverse effect on our operations, our business, results of operations and stock price.

Failure to meet investor and stakeholder expectations regarding environmental, social and corporate governance, or "ESG" matters may damage our reputation.

There is an increasing focus from certain investors, customers, consumers, employees and other stakeholders concerning ESG matters. Additionally, public interest and legislative pressure related to public companies' ESG practices continue to grow. If our ESG practices fail to meet investor, customer, consumer, employee or other stakeholders' evolving expectations and standards for responsible corporate citizenship in areas including environmental stewardship, Board of Directors and employee diversity, human capital management, corporate governance and transparency, our reputation, brand, appeal to investors and employee retention may be negatively impacted, which could have a material adverse effect on our business or financial condition.

Risks Related to Our Common Stock

The price of our common stock has been and may continue to be volatile and fluctuate substantially.

Our stock price has been and is likely to remain volatile. The stock market in general, and the market for biopharmaceutical companies in particular, have experienced extreme volatility that has often been unrelated to the operating performance or prospects of particular companies. As a result of this volatility, you may not be able to sell your common stock at or above a recently reported price, or at all. The market price for our common stock may be influenced by many factors, including:

- the commencement, enrollment or results of our ongoing or future clinical trials, or changes in the development status of our product candidates;
- any delay in our regulatory filings for our product candidates and any adverse development or perceived adverse development with respect to the applicable regulatory authority's review of such filings, including without limitation the FDA's issuance of a "refusal to file" letter or a request for additional information;
- adverse results or delays in clinical trials;
- our decision to initiate a clinical trial, not to initiate a clinical trial or to terminate an existing clinical trial;
- adverse regulatory decisions, including failure to receive regulatory approval of our product candidates;
- our failure to commercialize our product candidates;
- unanticipated serious safety concerns related to the use of our product candidates;
- the size and growth of our target markets;
- the success of competitive products or technologies;
- regulatory actions with respect to our product candidates or our competitors' products or product candidates;
- announcements by us or our competitors of significant acquisitions, strategic collaborations, joint ventures, collaborations or capital commitments;
- regulatory or legal developments in the United States and other countries applicable to our product candidates, including but not limited to clinical trial requirements for approvals;
- our inability to obtain adequate product supply for any approved product or inability to do so at acceptable prices;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to our product candidates or clinical development programs;
- the results of our efforts to discover, develop, acquire or in-license product candidates;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts or publications of research reports about us or our industry;
- variations in our annual or quarterly financial results or those of companies that are perceived by investors to be similar to us;

- our cash position;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our directors, officers or their affiliated funds or our other stockholders;
- changes in the structure of healthcare payment systems;
- significant lawsuits, including intellectual property or stockholder litigation;
- market conditions in the pharmaceutical and biotechnology sectors;
- general economic, industry and market conditions; and
- other events or factors, many of which are beyond our control, or unrelated to our operating performance or prospects.

In addition, the stock market in general, and Nasdaq and biotechnology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance. The realization of any of the above risks or any of a broad range of other risks, including those described in this "Risk Factors" section, could have a dramatic and material adverse impact on the market price of our common stock.

If securities analysts do not publish research or reports about our business or if they publish inaccurate or unfavorable research about our business, the price of our stock could decline.

The trading market for our common stock relies, in part, on the research and reports that industry or financial analysts publish about us or our business. We currently receive only limited coverage by equity research analysts. If additional analysts do not commence coverage of us, the trading price of our stock could decrease. In addition, if one or more of the analysts covering our business issue adverse reports about us or downgrade their evaluations of our stock, the price of our stock could decline. If one or more of these analysts cease to cover our stock or fail to publish reports on us regularly, we could lose visibility in the market for our stock, which, in turn, could cause our stock price to decline.

Sales of a substantial number of shares of our common stock in the public market could cause our stock price to fall, even if our business is doing well.

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market, the market price of our common stock could decline significantly.

We have filed registration statements on Form S-8 shares of common stock that are either subject to options or other equity awards issued or reserved for future issuance under our equity incentive plans. The number of shares available for issuance under the 2019 Omnibus Plan is subject to an automatic annual increase on January 1st of each year, continuing until the expiration of the 2019 Omnibus Plan, in an amount equal to four percent (4%) of the total number of shares of Common Stock outstanding on December 31st of the preceding calendar year. The number of shares available for issuance under the 2019 Employee Stock Purchase Plan, or "ESPP", is subject to an automatic annual increase on January 1st of each year, continuing until the expiration of the ESPP, in an amount equal to the least of (i) one percent (1%) of the total number of shares of Common Stock outstanding on December 31st of the preceding calendar year, (ii) 480,000 shares of Common Stock (subject to the capitalization adjustment provisions included in the ESPP) and (iii) a number of shares of Common Stock determined by the administrator of the ESPP. Shares registered under our registration statements on Form S-8 will be available for sale in the public market subject to vesting arrangements and exercise of options and the restrictions of Rule 144 in the case of our affiliates.

Our executive officers, directors and current beneficial owners of 5% or more of our common stock and their respective affiliates exercise significant influence over our company, which limits your ability to influence corporate matters and could delay or prevent a change in corporate control.

Our executive officers, directors and current beneficial owners of 5% or more of our common stock and their respective affiliates beneficially own, in the aggregate, approximately 18% of our outstanding common stock. As a result, these stockholders, if they act together, will be able to influence our management and affairs and the outcome of matters submitted to our stockholders for approval, including the election of directors and any sale, merger, consolidation or sale of all or substantially all of our assets. This concentration of ownership might adversely affect the market price of our common stock by:

- delaying, deferring or preventing a change of control of us;
- impeding a merger, consolidation, takeover or other business combination involving us; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

We had and may in the future be subject to securities litigation, which can be expensive and could divert management's attention.

Litigation is often expensive and can divert management's attention and resources from other business concerns, which could adversely affect our business. If we are ultimately required to pay significant defense costs, damages or settlement amounts, such payments could adversely affect our operations.

We have been and may be the target of securities litigation in the future. The market price of our common stock has experienced and may continue to experience volatility, and in the past, companies that have experienced volatility in the market price of their stock have been subject to securities litigation. Any future litigation could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business. If we are ultimately required to pay significant defense costs, damages or settlement amounts, such payments could adversely affect our operations. While we maintain liability insurance, costs or expenses associated with litigation may exceed our insurance coverage, and we may be forced to bear some or all costs and expenses directly, which could be substantial.

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

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may delay or prevent an acquisition of us or a change in our management. For example, our board of directors has the authority to issue up to 10,000,000 shares of preferred stock. The board of directors can fix the price, rights, preferences, privileges and restrictions of the preferred stock without any further vote or action by our stockholders. The issuance of shares of preferred stock may delay or prevent a change of control transaction. As a result, the market price of our common stock and the voting and other rights of our stockholders may be adversely affected. An issuance of shares of preferred stock may result in the loss of voting control to other stockholders.

These provisions also include a classified board of directors, a prohibition on actions by written consent of our stockholders and the ability of our board of directors to issue preferred stock without stockholder approval. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which limits the ability of stockholders owning in excess of 15% of our outstanding voting stock to merge or combine with us. Although we believe these provisions collectively provide for an opportunity to obtain greater value for stockholders by requiring potential acquirers to negotiate with our board of directors, they would apply even if an offer rejected by our board were considered beneficial by some stockholders. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management.

If we fail to maintain proper and effective internal control over financial reporting, our ability to produce accurate and timely financial statements could be impaired, investors may lose confidence in our financial reporting and the trading price of our common stock may decline.

When we lose our status as an "emerging growth company," our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes Oxley Act. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. To comply with the requirements of being a reporting company under the Exchange Act, we will need to implement additional financial and management controls, reporting systems and procedures and hire additional accounting and finance staff.

We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Our independent registered public accounting firm will not be required to provide an attestation report on the effectiveness of our internal control over financial reporting so long as we qualify as an "emerging growth company," which may increase the risk that material weaknesses or significant deficiencies in our internal control over financial reporting go undetected. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations or cash flows. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

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

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

We have incurred and will continue to incur significantly increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives.

As a public company we have incurred, and we expect, particularly after we are no longer an emerging growth company, to continue to incur significant legal, accounting, investor relations and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel devote a substantial amount of time to these compliance initiatives. We expect these rules and regulations to substantially increase our legal and financial compliance costs and to make some activities more time consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to incur substantial costs to maintain sufficient coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

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

Our amended and restated bylaws provide that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware or, if subject matter jurisdiction over the matter that is the subject of such action is vested exclusively in the federal courts, the United States District Court for the District of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers and employees, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our bylaws, (iv) any action or proceeding to interpret, apply, enforce or determine the validity of our certificate of incorporation or the bylaws or (v) any action asserting a claim that is governed by the internal affairs doctrine, in each case subject to the Court of Chancery or the United States District Court for the District of Delaware, as applicable, having personal jurisdiction over the indispensable parties named as defendants therein. In addition, any person holding, owning or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and to have consented to this provision of our bylaws. The choice of forum provision does not apply to any actions arising under the Securities Act or the Exchange Act. The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and our directors, officers and employees even though an action, if successful, might benefit our stockholders. Stockholders who do bring a claim in the Court of Chancery or the United States District Court for the District of Delaware could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near the jurisdiction. The Court of Chancery or the United States District Court for the District of Delaware may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments or results may be more favorable to us than to our stockholders. Alternatively, if a court were to find this provision of our amended and restated bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs, which could have a material adverse effect on our business, financial condition or results of operations.

Item 1B. Unresolved Staff Comments

Not Applicable.

Item 1C. Cybersecurity

In the ordinary course of our business, we collect, maintain and transmit large amounts of confidential information in digital form, including intellectual property, proprietary business information, financial information, personal information, protected health information and data to comply with cGMP and data integrity requirements. It is critical that we do so in a secure manner to maintain data security and data integrity of such information. We have established physical, electronic and organizational measures to safeguard and secure our systems to prevent a data compromise. We have also outsourced elements of our information technology infrastructure and data security processes to a number of expert qualified third-party vendors to help us stay current with data and electronic information security best practices.

We have implemented processes designed to identify, review and manage risks from potential data breaches, unauthorized occurrences, and other information security losses on or through our information technology systems that could result in adverse effects on the confidentiality, integrity, and availability of our systems and electronic information. These processes are managed and monitored by our information technology (IT) team as managed by our Chief Operating Officer, or "COO". Our COO has experience in overseeing our cybersecurity and information technology programs. We rely heavily on information technology consultants for advice and expertise on monitoring evolving industry standards and to monitor our compliance with applicable policies. Our processes include mechanisms, controls, technologies, and systems designed to prevent or mitigate data loss, theft, misuse, or other security incidents or vulnerabilities affecting the data and maintain a stable information technology environment. With the assistance of our third-party vendors, we conduct regular penetration and vulnerability testing, security audits, and ongoing risk assessments. Our internal information technology team conducts due diligence on key technology vendors, contractors and suppliers. We also conduct periodic employee training on cyber and information security, among other topics, and conduct internal false flag and/or phishing campaigns to identify any employees that might need additional training.

Our COO, together with our internal IT team, are responsible for assessing and managing cybersecurity risks. They review at least quarterly with our expert advisors our cybersecurity measures and procedures in view of the Company's cybersecurity risks to anticipate future threats and trends, and determine whether and how to adjust our strategies and processes accordingly. During the year ended December 31, 2023, we did not identify risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, but we face certain ongoing cybersecurity risks or threats that, if realized, are reasonably likely to materially affect us. Additional information on cybersecurity risks we face is discussed in Part I, Item 1A, "Risk Factors," under the heading "We depend on data and our information technology systems, and any failure of these systems could harm our business. Security breaches, loss of data, and other disruptions could compromise sensitive information related to our business or prevent us from accessing critical information and expose us to liability, which could adversely affect our business, results of operations and financial condition."

The Board of Directors, with the assistance of the Audit Committee, has oversight for the most significant risks facing us and for our processes to identify, prioritize, assess, manage, and mitigate those risks. As part of its oversight responsibilities, the Audit Committee receives regular updates on cybersecurity and information technology matters and related risk exposures from our COO. The Board also receives updates from the Audit Committee on cybersecurity risks on at least an annual basis.

Item 2. Properties

Our corporate headquarters is located in Beltsville, Maryland and consists of approximately 28,500 square feet of office, 20,600 square feet of laboratory and manufacturing and 20,200 square feet of warehouse space. The lease terms expire in March 2030. We believe that these facilities are adequate for our current needs and that suitable additional or substitute space will be available in the future if needed.

Item 3. Legal Proceedings

The information set forth under the heading "Legal Proceedings" in Note 8, Commitments and Contingencies, in Notes to Financial Statements in Part II Item 8 of this Annual Report, is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

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

Market Information and Holders of Record

Our common stock trades on the Nasdaq Global Select Market, or "Nasdaq", under the symbol "NXTC." As of March 18, 2024 we had 20 holders of record of our common stock. The actual number of shareholders is greater than this number of record holders and includes shareholders who are beneficial owners but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include shareholders whose shares may be held in trust by other entities.

Dividends

We have never declared or paid cash dividends on our capital stock, and we do not anticipate paying any cash dividends in the foreseeable future. We currently intend to retain all available funds and any future earnings to support our operations and finance the growth and development of our business.

Item 6. Selected Financial Data

[Reserved]

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

You should read the following discussion and analysis of our financial condition and results of operations together with the financial statements and the related notes appearing elsewhere in this Annual Report. This discussion contains forward-looking statements that are based on management's current expectations, estimates, and projections about our business and operations, and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the sections entitled "Risk Factors" and "Special Note Regarding Forward-Looking Statements" and elsewhere in this Annual Report. The following discussion and analysis is expected to better allow investors to view the company from management's perspective.

Overview

We are a clinical-stage biopharmaceutical company that is focused on advancing innovative medicines that treat cancer patients that do not respond to, or have disease progression on, current therapies, through the use of differentiated mechanisms of actions including Antibody Drug Conjugates (ADCs), antibodies, and proteins. We focus on advancing therapies that leverage our core strengths in understanding biological pathways and biomarkers, the interactions of cells, including in the tumor microenvironment, and the role each interaction plays in a biologic response.

We are focusing on our highest-value opportunities:

i) NC410, a LAIR-2 fusion protein that, in combination with pembrolizumab, demonstrated early evidence of clinical activity in colorectal (CRC) and ovarian cancers. We expect several potential catalysts in 2024.

ii) LNCB74, an ADC that is directed to B7-H4, a clinically validated cancer target. Given our internal expertise of B7-H4 coupled with LegoChem Biosciences, Inc.'s (LegoChem) ADC technology, we plan for an Investigational New Drug application (IND) in 2024.

In March 2024, we announced a prioritization and restructuring of our operations to align with our focused pipeline. We are pausing our internal manufacturing operations and reducing our workforce. In addition, we are seeking to partner our clinical programs NC525 and NC318 and our preclinical non-oncology programs NC605, for chronic bone diseases, and NC181, for Alzheimer's disease. We project these actions will extend our cash runway into the second half of 2026.

Financial Overview

Since commencing operations in 2015, we have devoted substantially all of our efforts and financial resources to organizing and staffing our company, identifying business development opportunities, raising capital, securing intellectual property rights related to our product candidates, building and optimizing our manufacturing capabilities and conducting discovery, research and development activities for our product candidates.

To date, we have not generated any revenue from product sales and have financed our operations primarily through proceeds from public offerings of our common stock, with private placements of our preferred stock and with upfront fees received under our former research and development collaboration agreement. Since inception through December 31, 2023, we raised approximately $423 million in gross proceeds from the sale of equity instruments and had received a $25 million upfront payment from our former collaboration partner. We have never been profitable and have incurred net losses since the commencement of our operations. Our net losses for the years ended December 31, 2023 and 2022 were $62.7 million and $74.7 million, respectively. As of December 31, 2023, we had an accumulated deficit of $324.5 million, primarily as a result of research and development and general and administrative expenses. We do not expect to generate product revenue unless and until we obtain marketing approval for and commercialize a product candidate, and we cannot make assurances that we will ever generate significant revenue or profits.

As of December 31, 2023, we had cash, cash equivalents and marketable securities of $108.3 million. We believe that our existing cash, cash equivalents and marketable securities will be sufficient to fund our planned operations into the second half of 2026. We have based this estimate on assumptions that may prove to be incorrect, and we could exhaust our available capital resources sooner than we currently expect.

We expect to incur substantial expenditures in the foreseeable future as we advance our product candidates through clinical development, the regulatory approval process and, if approved, commercialization. Specifically, in the

near term, we expect to incur substantial expenses relating to our Phase 1b/2 clinical trial of NC410 in combination with pembrolizumab, our pre-clinical development activities with respect to LNCB74 and other research and development activities.

We will need substantial additional funding to support our continuing operations and to pursue our development strategy. Until such time as we can generate significant revenue from sales of our product candidates, if ever, we expect to finance our operations through a combination of public and private equity offerings, debt financings, marketing and distribution arrangements, other collaborations, strategic alliances and licensing arrangements. Adequate funding may not be available to us on acceptable terms, or at all. If we fail to raise capital or enter into such agreements as and when needed, we may be required to delay, limit, reduce or terminate preclinical studies, clinical trials, or other research and development activities or one or more of our development programs.

Components of Our Results of Operations

Operating Expenses

Research and Development Expenses

Research and development expenses consist primarily of costs incurred for our clinical trials, discovery efforts, research activities, and development and testing of our product candidates and include:

- expenses incurred under agreements with third parties, including agreements with third parties that conduct research, preclinical activities or clinical trials on our behalf;
- the costs of outside consultants, including their fees, stock-based compensation and related travel expenses;
- the costs of laboratory supplies and acquiring, developing and manufacturing preclinical study and clinical trial materials;
- salaries, benefits and other related costs, including stock-based compensation, for personnel engaged in research and development functions; and
- facility-related expenses, which include direct depreciation costs and allocated expenses for rent and maintenance of facilities and other operating costs.

We expense research and development costs as incurred. Our expenses related to clinical trials are based on actual costs incurred and estimates of other incurred costs. These estimated costs are based on several factors, including patient enrollment and related expenses at clinical investigator sites, contract services received, consulting agreement costs and efforts expended under contracts with research institutions and third-party contract research organizations that conduct and manage clinical trials on our behalf. We generally accrue estimated costs related to clinical trials based on contracted amounts applied to the level of patient enrollment and other activity according to the protocol. If future timelines or contracts are modified based on changes in the clinical trial protocol or scope of work to be performed, we would modify our estimates of accrued expenses accordingly on a prospective basis. Historically, any such modifications have not been material.

Research and development activities are central to our business model. We expect that our research and development expenses will increase substantially in the future as we advance our product candidates through development.

We cannot determine with certainty the duration and costs of future clinical trials of NC410, LNCB74 or any other product candidate we may develop or if, when or to what extent we will generate revenue from the commercialization and sale of any product candidate for which we may obtain marketing approval. We may never succeed in obtaining marketing approval for any product candidate. The duration, costs and timing of clinical trials and development of NC410, LNCB74 and any other product candidate we may develop will depend on a variety of factors, including:

- the scope, progress, results and costs of clinical trials of NC410 and LNCB74 as well as of any future clinical trials of other product candidates and other research and development activities that we may conduct;

- uncertainties in selection of indications, clinical trial design and patient enrollment rates;
- the probability of success for our product candidates, including safety and efficacy, early clinical data, competition, ease and ability of manufacturing and commercial viability;
- significant and changing government regulation and regulatory guidance;
- the timing and receipt of any development or marketing approvals; and
- the expense of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights.

A change in the outcome of any of these variables with respect to the development of a product candidate could lead to a significant change in the costs and timing associated with the development of that product candidate. For example, if the FDA or another regulatory authority were to require us to conduct clinical trials beyond those that we anticipate will be required for the completion of clinical development of a product candidate, or if we experience significant delays in our clinical trials due to patient enrollment or other reasons, we would be required to expend significant additional financial resources and time to complete clinical development for any such product candidate.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related costs, including payroll and stock-based compensation, for personnel in executive, finance, human resources, business and corporate development and other administrative functions, professional fees for legal, intellectual property, consulting and accounting services, rent and other facility-related costs, depreciation and other general operating expenses not otherwise classified as research and development expenses. General and administrative expenses also include all patent-related costs incurred in connection with filing and prosecuting patent applications, which are expensed as incurred.

Other Income, Net

Other income, net consists primarily of interest income earned on marketable securities.

Results of Operations

Comparison of the Years Ended December 31, 2023 and 2022

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

	Year Ended December 31,		
	2023	2022	Change
Operating expenses:			
Research and development	$ 47,931	$ 54,199	$ (6,268)
General and administrative	19,706	21,710	(2,004)
Loss from operations	(67,637)	(75,909)	8,272
Other income, net	4,914	1,176	3,738
Net loss	$ (62,723)	$ (74,733)	$ 12,010

Research and Development Expenses

The following table summarizes our research and development expenses by product candidate for the periods indicated (in thousands):

(in thousands)	Year Ended December 31, 2023	2022	Change
External research and development expenses:			
NC410	$ 7,586	$ 6,211	$ 1,375
NC762	3,780	4,966	(1,186)
NC525	3,747	4,053	(306)
Other programs and preclinical development	9,739	15,941	(6,202)
Total external research and development expenses	24,852	31,171	(6,319)
Total internal research and development expenses	23,079	23,028	51
Total research and development expenses	$ 47,931	$ 54,199	$ (6,268)

We do not allocate personnel-related costs, including stock-based compensation costs, or other indirect costs to specific programs, as they are deployed across multiple projects under development and discovery and, as such, are separately classified as internal research and development expenses in the table above.

Research and development expenses for the year ended December 31, 2023 decreased by $6.3 million, 12%, to $47.9 million compared to $54.2 million for the year ending December 31, 2022. The decrease was due to the decision to discontinue clinical development of NC762, which was announced in the fourth quarter of 2023 and lower costs on other programs and preclinical development.

General and administrative expenses for the year ended December 31, 2023 decreased by $2.0 million to $19.7 million as compared to $21.7 million for the year ending December 31, 2022. The decrease was driven primarily by $1.4 million lower personnel-related costs, including $1.2 million of stock compensation, and $0.4 million lower insurance costs.

Other Income, Net

Other income, net for the year ended December 31, 2023 increased by $3.7 million to $4.9 million from $1.2 million for the year ended December 31, 2022 due to higher interest income as a result of higher interest rates.

Liquidity and Capital Resources

Since inception through December 31, 2023, we raised approximately $423 million in gross proceeds from the sale of equity instruments and had received a $25 million upfront payment from our former collaboration partner.

On August 4, 2023, the Company entered into a sales agreement (the “Sales Agreement”) with Leerink Partners LLC (the “Agent”), pursuant to which the Company may sell, from time to time, up to an aggregate sales price of $75 million of its common stock through the Agent in negotiated transactions that are deemed to be an “at the market offering.” The Agent will be entitled to compensation equal to 3.0% of the gross proceeds from the sale of all shares of common stock sold through it as Agent under the Sales Agreement. Actual sales will depend on a variety of factors to be determined by the Company from time to time, including, among other things, market conditions, the trading price of the common stock, capital needs and determinations by the Company of the appropriate sources of funding for the Company. We have not yet sold any shares of our common stock pursuant to the Sales Agreement.

As of December 31, 2023, we had cash, cash equivalents and marketable securities of $108.3 million. We believe that our existing cash, cash equivalents and marketable securities will be sufficient to fund our planned operations into the second half of 2026.

We will continue to require additional capital to develop our product candidates and fund operations for the foreseeable future. We may seek to raise capital through sale of equity, debt financings, strategic alliances and licensing arrangements. Adequate additional funding may not be available to us on acceptable terms or at all. If we fail to raise capital or enter into such agreements as and when needed, we may have to significantly delay, scale back or discontinue

the development of our product candidates or delay our efforts to expand our pipeline of product candidates. Our need to raise additional capital will depend on many factors, including:

- the scope, progress, results and costs of researching and developing NC410, NCB74 and our other programs, and of conducting preclinical studies and clinical trials;
- the timing of, and the costs involved in, obtaining marketing approvals for NC410, LNCB74 and any future product candidates we develop, if clinical trials are successful;
- the costs of manufacturing NC410, LNCB74 and any future product candidates we develop for preclinical studies and clinical trials in preparation for marketing approval and commercialization;
- the costs of commercialization activities, including marketing, sales and distribution costs, for NC410, LNCB74 and any future product candidates we develop, whether alone or with a collaborator, if any such product candidates are approved for sale, including marketing, sales and distribution costs;
- our ability to establish and maintain additional collaborations, licenses or other arrangements on favorable terms, if at all;
- the costs involved in preparing, filing, prosecuting, maintaining, expanding, defending and enforcing patent claims, including litigation costs and the outcome of any such litigation;
- our current collaboration and license agreements remaining in effect and our achievement of milestones and the timing and amount of milestone payments we are required to make, or that we may be eligible to receive, under those agreements;
- the timing, receipt and amount of sales of, or royalties on, our future products, if any; and
- the emergence of competing therapies and other adverse developments in the oncology market.

Adequate additional financing may not be available to us on acceptable terms, or at all. If we raise additional funds by issuing equity securities, our stockholders may experience dilution. Any future debt financing into which we enter may impose upon us additional covenants that restrict our operations, including limitations on our ability to incur liens or additional debt, pay dividends, repurchase our common stock, make certain investments and engage in certain merger, consolidation or asset sale transactions. Any debt financing or additional equity that we raise may contain terms that are not favorable to us or our stockholders. If we raise additional funds through government or private grants, collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may be required to relinquish valuable rights to our future revenue streams, product candidates or research programs or to grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds when needed, we may be required to delay, reduce or terminate some or all of our development programs and clinical trials. We may also be required to sell or license to others rights to our product candidates in certain territories or indications that we would prefer to retain for ourselves. See the section entitled “Risk Factors” for additional risks associated with our substantial capital requirements.

Cash Flows

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

	Year Ended December 31,	
	2023	2022
Net cash (used in) provided by:		
Operating activities	$ (52,974)	$ (53,886)
Investing activities	39,272	67,979
Financing activities	154	200
Net (decrease) increase in cash and cash equivalents	$ (13,548)	$ 14,293

Cash Used in Operating Activities

Net cash used in operating activities was $53.0 million for the year ended December 31, 2023, which was primarily the result of our net loss of $62.7 million and a $1.9 million net use of operating assets and liabilities, partially offset by non-cash charges for depreciation and amortization of $3.7 million and stock-based compensation of $8.2 million. Net cash used in operating activities was $53.9 million for the year ended December 31, 2022, which was primarily due to our net loss of $74.7 million, partially offset by non-cash charges for depreciation and amortization of $4.1 million, amortization of premiums and discounts on marketable securities of $3.0 million, stock-based compensation of $9.5 million, a $2.0 million decrease in prepaid expenses and other assets and a $2.3 million increase in accounts payable.

Cash Provided by Investing Activities

Cash provided by investing activities for the year ended December 31, 2023 was $39.3 million, which was primarily due to net proceeds from marketable securities of $40.1 million, partially offset by purchases of property and equipment of $0.8 million. Cash provided by investing activities for the year ended December 31, 2022 was $68.0 million, which was primarily due to net proceeds from marketable securities of $70.1 million, partially offset by purchases of property and equipment of $2.1 million.

Cash Used in Financing Activities

Cash provided by financing activities was $0.2 million for the year ended December 31, 2023, which was due to the exercise of stock options and sales of our stock under the Employee Stock Purchase Plan (ESPP). Cash provided by financing activities was $0.2 million for the year ended December 31, 2022, which was due to the exercise of stock options and sales of our stock under the ESPP.

Contractual Obligations and Commitments

Operating Leases

We are party to several non-cancelable lease agreements for office and laboratory space that expire in March 2030. The monthly base rent for these leases totals $92,004 as of December 31, 2023 per month plus our prorated share of operating expenses. The monthly base rent is subject to annual 3% increases through the lease term.

We also have potential contingent payment obligations upon the achievement by us of clinical, regulatory, and commercial events, as applicable, or royalty payments that we may be required to make under license agreements we have entered into with various entities pursuant to which we have in-licensed intellectual property, including our license agreement with Yale. The timing and amount (if any) of any such payments cannot be reasonably estimated at this time. See “Business—Our Collaboration Agreements” for additional information.

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

Critical Accounting Policies, Significant Judgments and Use of Estimates

Our financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or "GAAP". The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods. The most significant assumptions used in the financial statements are valuing share-based compensation. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in the notes to our financial statements, we believe that the following critical accounting policies are most important to understanding and evaluating our reported financial results, as these policies relate to the more significant areas involving management's judgments and estimates.

Research and Development Expenses, Including Clinical Trial Accruals

Research costs consist of employee-related costs, contractor expenses, laboratory supplies and facility costs, for research and development of product candidates which are expensed as incurred. Development costs, including clinical trial-related expenses, incurred by third parties, such as CROs, are expensed as the contracted work is performed. Where contingent milestone payments are due to third parties under research and development arrangements, the milestone payment obligations are expensed when the milestone results are probable of being achieved. When evaluating the adequacy of the accrued liabilities, we analyze progress of the studies, including the phase or completion of events, invoices received and contracted costs. For further discussion of research and development expenses, including clinical trial accruals, see Note 2 to our audited financial statements included elsewhere in this Annual Report.

Stock-Based Compensation

We account for stock-based compensation, including stock options and restricted stock units, based on the fair value of the award as of the grant date. We utilize the Black-Scholes option-pricing model as the method for estimating the fair value of our stock option grants. The Black-Scholes option-pricing model requires the use of highly subjective and complex assumptions, including the options' expected term and the price volatility of the underlying stock. The fair value of the portion of the award that is ultimately expected to vest is recognized as compensation expense over the award's requisite service period. We recognize stock-based compensation to expense using the straight-line method and recognize forfeitures as they occur. If there are any modifications or cancelations of stock-based awards, we may be required to accelerate, increase, or decrease any remaining unrecognized stock-based compensation expense.

For further discussion of our accounting for stock-based compensation, see Note 2 to our audited financial statements included elsewhere in this Annual Report.

Off-Balance Sheet Arrangements

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

JOBS Act Accounting Election

The Jumpstart Our Business Startups Act of 2012, or "the JOBS Act", permits an "emerging growth company" such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to take advantage of this extended transition period to enable us to comply with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

For so long as we remain an emerging growth company, we are permitted and intend to rely on certain exemptions from various public company reporting requirements, including not being required to have our internal control over

financial reporting audited by our independent registered public accounting firm pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002. We will remain an emerging growth company until the earliest of (i) December 31, 2024, (ii) the last day of the first fiscal year in which we have total annual gross revenues of at least $1.2 billion, (iii) the last day of the first fiscal year in which the market value of our common stock that is held by non-affiliates exceeds $700.0 million on June 30th and (iv) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period.

Recent Accounting Pronouncements

See Note 2 to our audited financial statements included elsewhere in this Annual Report for a discussion of recent accounting pronouncements that have impacted or may impact our financial position and results of operations.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

As a smaller reporting company, we are not required to provide the information requested by this Item.

Item 8. Financial Statements and Supplementary Data

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of NextCure, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of NextCure, Inc. (the "Company") as of December 31, 2023 and 2022, the related statements of operations and comprehensive loss, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

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

Baltimore, MD
March 21, 2024

NEXTCURE, INC.
BALANCE SHEETS
(in thousands, except share and per share amounts)

	December 31,	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 13,082	$ 26,630
Marketable securities	95,217	133,281
Prepaid expenses and other current assets	4,426	4,072
Total current assets	112,725	163,983
Property and equipment, net	9,033	11,897
Right of use assets	4,398	5,016
Other assets	1,882	3,265
Total assets	$ 128,038	$ 184,161
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 2,330	$ 4,270
Accrued liabilities and other liabilities	4,553	4,857
Total current liabilities	6,883	9,127
Lease liabilities, long term	5,949	6,605
Other long-term liabilities	785	899
Total liabilities	13,617	16,631
Stockholders' equity:		
Preferred stock, par value of $0.001 per share; 10,000,000 shares authorized at December 31, 2023 and December 31, 2022; No shares issued and outstanding at December 31, 2023 and December 31, 2022	—	—
Common stock, par value of $0.001 per share; 100,000,000 shares authorized at December 31, 2023 and December 31, 2022; 27,903,027 and 27,774,536 shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively	28	28
Additional paid-in capital	439,097	430,755
Accumulated other comprehensive loss	(222)	(1,494)
Accumulated deficit	(324,482)	(261,759)
Total stockholders' equity	114,421	167,530
Total liabilities and stockholders' equity	$ 128,038	$ 184,161

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

NEXTCURE, INC.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except share and per share amounts)

	December 31, 2023	December 31, 2022
Operating expenses:		
Research and development	$ 47,931	$ 54,199
General and administrative	19,706	21,710
Total operating expenses	67,637	75,909
Loss from operations	(67,637)	(75,909)
Other income, net	4,914	1,176
Net loss	$ (62,723)	$ (74,733)
Net loss per common share - basic and diluted	$ (2.25)	$ (2.69)
Weighted-average shares outstanding - basic and diluted	27,836,584	27,744,209
Comprehensive loss:		
Net loss	$ (62,723)	$ (74,733)
Unrealized gain (loss) on marketable securities	1,272	(831)
Total comprehensive loss	$ (61,451)	$ (75,564)

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

NEXTCURE, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)

	Stockholders' Equity					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Stockholders' Equity
	Shares	Amount				
Balance as of December 31, 2021	27,680,997	$ 28	$ 421,047	$ (663)	$ (187,026)	$ 233,386
Stock-based compensation	—	—	9,508	—	—	9,508
Exercise of stock options	50,420	—	66	—	—	66
Issuance of shares under ESPP	43,119	—	134	—	—	134
Unrealized loss on marketable securities, net of tax $0	—	—	—	(831)	—	(831)
Net loss	—	—	—	—	(74,733)	(74,733)
Balance as of December 31, 2022	27,774,536	$ 28	$ 430,755	$ (1,494)	$ (261,759)	$ 167,530
Stock-based compensation	—	—	8,188	—	—	8,188
Exercise of stock options	5,057	—	5	—	—	5
Issuance of shares under ESPP	123,434	—	149	—	—	149
Unrealized gain on marketable securities, net of tax $0	—	—	—	1,272	—	1,272
Net loss	—	—	—	—	(62,723)	(62,723)
Balance as of December 31, 2023	27,903,027	$ 28	$ 439,097	$ (222)	$ (324,482)	$ 114,421

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

NEXTCURE, INC.
STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	$ (62,723)	$ (74,733)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,684	4,124
Amortization of premiums and discounts on marketable securities	(756)	3,047
Stock-based compensation	8,188	9,508
Noncash operating lease expense	573	356
Loss on disposal of property and equipment	—	87
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	1,074	2,038
Accounts payable	(1,940)	2,328
Accrued liabilities and other liabilities	(304)	(641)
Lease liabilities	(656)	—
Other long-term liabilities	(114)	—
Net cash used in operating activities	(52,974)	(53,886)
Cash flows from investing activities:		
Sales and maturities of marketable securities	113,597	104,739
Purchases of marketable securities	(73,505)	(34,644)
Purchases of property and equipment	(820)	(2,116)
Net cash provided by investing activities	39,272	67,979
Cash flows from financing activities:		
Proceeds from exercise of stock options	5	66
Proceeds from shares issued under ESPP	149	134
Net cash provided by financing activities	154	200
Net (decrease) increase in cash and cash equivalents	(13,548)	14,293
Cash and cash equivalents – beginning of period	26,630	12,337
Cash and cash equivalents – end of period	$ 13,082	$ 26,630
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 81	$ 90
Supplemental disclosure of noncash investing and financing activities:		
Right-of-use assets obtained in exchange for operating lease liabilities	$ —	$ 6,047
Recognition of initial lease liabilities	$ —	$ 7,549

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

NEXTCURE, INC.
NOTES TO FINANCIAL STATEMENTS

1. Nature of the Business and Basis of Presentation
Organization

NextCure, Inc. ("NextCure" or the "Company") was incorporated in Delaware in September 2015 and is headquartered in Beltsville, Maryland. The Company is a clinical-stage biopharmaceutical company that is focused on advancing innovative medicines that treat cancer patients that do not respond, to or have disease progression on, current therapies, through the use of differentiated mechanisms of actions including antibody-drug conjugates, antibodies and proteins. We focus on advancing therapies that leverage our core strengths in understanding biological pathways and biomarkers, the interactions of cells, including in the tumor microenvironment, and the role each interaction plays in a biologic response. Since inception, the Company has devoted substantially all of its efforts and financial resources to research and development activities for the Company's product candidates, identifying business development opportunities, raising capital, securing intellectual property rights related to the Company's product candidates, building and optimizing the Company's manufacturing capabilities and conducting discovery.

Public Offerings of Common Stock

On May 13, 2019, the Company closed its initial public offering ("IPO"), in which the Company issued and sold 5,750,000 shares of common stock at a public offering price of $15.00 per share, for net proceeds to the Company of approximately $77.0 million after deducting underwriting discounts and commissions of $6.0 million and offering expenses of $3.4 million.

In preparation for the IPO, on May 3, 2019, the Company effected a 1-for-8.0338 reverse stock split of its issued and outstanding common stock. The par value and authorized shares of common stock were not adjusted as a result of the reverse stock split. All of the share and per share information presented in the accompanying financial statements has been adjusted to reflect the reverse common stock split on a retroactive basis for all periods and as of all dates presented.

Upon the closing of the IPO, all of the outstanding shares of the Company's convertible preferred stock automatically converted into 15,560,569 shares of common stock at the applicable conversion ratio then in effect. Subsequent to the closing of the IPO, there were no shares of preferred stock outstanding. Additionally, the Company's certificate of incorporation was amended and restated to provide for 100,000,000 authorized shares of common stock with a par value of $0.001 per share and 10,000,000 authorized shares of preferred stock with a par value of $0.001 per share.

On November 19, 2019, the Company completed an underwritten public offering, in which the Company issued and sold 4,077,192 shares of common stock at a public offering price of $36.75 per share. On December 2, 2019, the underwriters exercised in full their option to purchase an additional 611,578 shares of common stock at the public offering price of $36.75, for total net proceeds to the Company of $160.9 million after deducting underwriting discounts and commissions of $10.3 million and offering expenses of $1.0 million.

Liquidity

The Company has not generated any revenue to date from product sales and does not expect to generate any revenues from product sales in the foreseeable future. Through December 2023, the Company has funded its operations primarily with proceeds from public offerings of its common stock, private placements of its preferred stock and upfront fees received under the Company's former agreement with Eli Lilly and Company. The Company expects to incur additional operating losses and negative operating cash flows for the foreseeable future.

As of the issuance date of the financial statements for the year ended December 31, 2023, the Company expects that its cash and cash equivalents will be sufficient to fund its operating expenses and capital expenditure requirements to mid-2026. The future viability of the Company beyond that date may depend on its ability to raise additional capital to finance its operations.

The Company plans to seek additional funding through public or private equity offerings, debt financings, marketing and distribution arrangements, other collaborations, strategic alliances, licensing arrangements or other methods. The Company may not be able to obtain financing on acceptable terms, or at all, and the Company may not be

able to enter into strategic alliances or other arrangements on favorable terms, or at all. The terms of any financing may adversely affect the holdings or the rights of the Company's stockholders. If the Company is unable to obtain funding, the Company could be required to delay, reduce or eliminate research and development programs, product portfolio expansion or future commercialization efforts, which could adversely affect its business prospects.

Although management continues to pursue these funding plans, there is no assurance that the Company will be successful in obtaining sufficient funding on terms acceptable to the Company, if at all, to fund continuing operations past two years from the issuance date of these financial statements.

Risks and Uncertainties

The Company is subject to risks common to early-stage companies in the biotechnology industry including, but not limited to: having a limited operating history and no products approved for commercial sale; having a history of significant losses; its need to obtain additional financing; dependence on its ability to advance its current and future product candidates through clinical trials, marketing approval and commercialization; the unproven approach to the discovery and development of product candidates; the lengthy and expensive nature and uncertain outcomes of the clinical development process; the lengthy, time-consuming and unpredictable nature of the regulatory approval process; the results of preclinical studies and early-stage clinical trials that may not be predictive of future results; dependence on its key personnel; its limited manufacturing experience as an organization and with its manufacturing facility; risks related to patent protection and the Company's pending patent applications; dependence on third-party collaborators for the discovery, development and commercialization of current and future product candidates; and significant competition from other biotechnology and pharmaceutical companies. Pursuit of the Company's business efforts will require significant amounts of additional capital, adequate personnel, infrastructure and extensive compliance-reporting capabilities. Even if the Company's development efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales.

Segment and Geographic Information

Operating segments are defined as components of an entity about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The chief operating decision maker views the operations and manages the business in a single operating segment and one reportable segment that operates exclusively in the United States. All long-lived assets of the Company reside in the United States.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements include the accounts of the Company. The Company's financial statements have been prepared in accordance with United States generally accepted accounting principles (''GAAP''). Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification (''ASC'') and Accounting Standards Update (''ASU'') of the Financial Accounting Standards Board (''FASB'').

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the period presented. Although actual results could differ from those estimates, management does not believe that such differences would be material.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. The Company deposits its cash primarily in checking, sweep account and money market accounts. Cash equivalents are stated at amortized cost, plus accrued interest, which approximates fair value.

NEXTCURE, INC.
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Marketable Securities

Marketable securities primarily consist of government debt securities, corporate bonds and agency bonds. These marketable securities are classified as available-for-sale, and as such, are carried at fair value as determined by prices for identical or similar securities at the balance sheet date. Marketable securities consist of Level 2 financial instruments in the fair-value hierarchy. The Company's policy is to classify all investments with contractual maturities within one year as current. At each reporting date, the Company evaluates the classification of its investments with maturities beyond one year based on the nature of the investment securities and whether the investments are considered available for use in current operations. Investment income is recognized when earned and reported net of investment expenses. Unrealized holding gains and losses are reported within accumulated other comprehensive income (loss) as a separate component of stockholders' equity. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and interest on securities are included in other income, net, on the Company's statements of operations.

At each balance sheet date, the Company assesses available-for-sale securities in an unrealized loss position to determine whether the unrealized loss is other-than-temporary. If a decline in the fair value of a marketable security below the Company's cost basis is determined to be other-than-temporary, such marketable security is written down to its estimated fair value as a new cost basis and the amount of the write-down is included in earnings as an impairment charge. The Company considers factors including the significance of the decline in value compared to the cost basis, underlying factors contributing to a decline in the prices of securities in a single asset class, the length of time the market value of the security has been less than its cost basis, the security's relative performance versus its peers, sector or asset class, expected market volatility and the market and economy in general. The Company also evaluates whether it is more likely than not that it will be required to sell a security prior to recovery of its fair value. The cost of securities sold is based on the specific identification method.

Concentration of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk primarily consist of cash and cash equivalents. The Company maintains its cash and cash equivalents at two accredited financial institutions that are federally insured. While balances deposited often exceed federally insured limits, the Company does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships. The Company's investment policy limits investments to certain types of debt securities issued by the U.S. government, its agencies and institutions and corporate bonds with investment-grade credit ratings and places restrictions on maturities and concentration by type and issuer. The counterparties are various corporations, financial institutions and government agencies of high credit standing.

Fair Value of Financial Instruments

ASC Topic 820, *Fair Value Measurement* ("ASC 820"), establishes a fair value hierarchy for instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's own assumptions (unobservable inputs). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the inputs that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances. ASC 820 identifies fair value as the exchange price, or exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a three-tier value hierarchy that distinguishes between the following:

Level 1—Quoted market prices in active markets for identical assets or liabilities.

Level 2—Inputs other than Level 1 inputs that are either directly or indirectly observable, such as quoted market prices, interest rates and yield curves.

Level 3—Unobservable inputs developed using estimates of assumptions developed by the Company, which reflect those that a market participant would use. Use of these inputs involves significant and subjective judgments to be

made by a reporting entity – e.g., determining an appropriate adjustment to a discount factor for illiquidity associated with a given security.

To the extent the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair values requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized as Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Property and Equipment, Net

Property and equipment are valued at cost less accumulated depreciation. Depreciation is recognized on a straight-line basis over the estimated useful lives of the related assets. Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life or term of the lease. Upon retirement or disposal, the cost and related accumulated depreciation are removed from the balance sheet and the resulting gain or loss is recorded to general and administrative expenses in the accompanying statement of operations and comprehensive loss. Routine expenditures for maintenance and repairs are expensed as incurred.

Estimated useful lives for property and equipment are as follows:

	Estimated Useful Life
Computers and peripherals	3 years
Equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	Lesser of estimated useful life or remaining lease term

The Company reviews long-lived assets, which primarily consist of property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be fully recoverable based on the criteria for accounting for the impairment or disposal of long-lived assets under ASC Topic 360, Property, Plant and Equipment. These events or changes in circumstances may include a significant deterioration of operating results, changes in business plans, or changes in anticipated future cash flows. If an impairment indicator is present, the Company evaluates recoverability by comparing the carrying amount of the assets group to future undiscounted net cash flows expected to be generated by the assets group. Assets are grouped at the lowest level for which there is identifiable cash flows that are largely independent of the cash flows generated by other asset groups. If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset, an impairment loss is recognized for the difference between the fair value and carrying value of assets within the group. Fair value is generally determined by estimates of discounted cash flows. The discount rate used in any estimate of discounted cash flows would be the rate required for a similar investment of like risk. No impairment losses were recognized during the years ended December 31, 2023 or 2022.

Construction in progress (Note 5) is carried at cost and consists of specifically identifiable direct and indirect development and construction costs. While under construction, costs of the property are included in construction in progress until the property is placed in service, at which time costs are transferred to the appropriate property and equipment account including, but not limited to, leasehold improvements or other such accounts.

Leases

The Company determines if an arrangement is a lease or implicitly contains a lease at inception based on the lease definition and also determines if the lease is classified as an operating lease or finance lease, each in accordance with ASU No. 2016-02, Leases (Topic 842). Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in its balance sheets. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date or the adoption date for existing leases based on the present value of lease payments over the lease term using an estimated discount rate. As the Company's leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at commencement date or the adoption date in determining the present value of lease payments over a similar term. In

determining the estimated incremental borrowing rate, the Company considered a rate obtained from its primary banker for discussion purposes of a potential collateralized loan with a term similar to the lease term and the Company's historical borrowing capability in the market. For operating leases, lease expense is recognized on a straight-line basis over the lease term. Lease and non-lease components within a contract are generally accounted for separately.

Preferred Stock

The Company did not have any outstanding preferred stock as of December 31, 2023 and 2022.

Collaboration Arrangements

The Company assesses whether collaboration agreements are subject to Accounting Standards Codification ("ASC") 808, Collaborative Arrangements ("ASC 808"), based on whether they involve joint operating activities involving two or more parties that are active participants in the activity and are exposed to significant risks and rewards dependent on the commercial success of the activities.

A collaborative arrangement within the scope of ASC 808 may be partially (or entirely) within the scope of other guidance (including ASC 606). The Company evaluates the individual units of account (e.g., components) within a collaborative arrangement to assess the appropriate recognition and measurement. The Company accounts for components of a collaborative arrangement that are within the scope of other ASC guidance following the relevant provisions of that guidance rather than the guidance provided in ASC 808.

ASC 808 states that a collaborative arrangement should be accounted for under ASC 606 when the counterparty is a customer for a distinct good or service (i.e., a unit of account). That is, the Company is required to apply the unit-of-account guidance in ASC 606 to determine the distinct components of a collaborative arrangement. If the counterparty is a customer for that distinct good or service (or bundle of goods and/or services), it is accounted for under ASC 606. For units of account that are in the scope of ASC 606, all of the guidance in ASC 606 applies, including the guidance on recognition, measurement, presentation and disclosure.

The Company accounts for collaborative arrangements or components of collaborative arrangements that are outside the scope of other guidance by analogy to the authoritative accounting literature or, if there is no appropriate analogy, by using a reasonable, rational and consistently applied accounting policy election. When evaluating an appropriate analogy to other accounting guidance or an accounting policy for a collaborative arrangement, the Company assesses the nature of the arrangement, the nature of its business operations and the contractual terms of the arrangement. The Company recognizes the shared costs incurred that are not within the scope of other accounting literature as a component of the related expense in the period incurred by analogy to ASC 730, Research and Development, and records reimbursements from counterparties as an offset to the related research and development costs.

Research and Development Costs, Including Clinical Trial Accruals

Research costs consist of employee-related costs, contractor expenses, laboratory supplies and facility costs, for research and development of product candidates are expensed as incurred. Development costs, including clinical trial-related expenses, incurred by third parties, such as clinical research organizations ("CROs"), are expensed as the contracted work is performed. Where contingent milestone payments are due to third parties under research and development arrangements, the milestone payment obligations are expensed when the milestone results are probable of being achieved. When evaluating the adequacy of the accrued liabilities, the Company analyzes progress of the studies, including the phase or completion of events, invoices received and contracted costs.

Clinical trial expenses are a significant component of research and development expenses, and the Company outsources a significant portion of these costs to third parties. Third-party clinical trial expenses include investigator fees, site and patient costs, CRO costs, and costs for central laboratory testing and data management. The accrual for site and patient costs includes inputs such as estimates of patient enrollment, patient cycles incurred, clinical site activations, and other pass-through costs. These inputs are required to be estimated due to a lag in receiving the actual clinical information from third parties. Payments for these activities are based on the terms of the individual arrangements, which may differ from the pattern of costs incurred, and are reflected on the balance sheets as a prepaid asset or accrued expenses. These third-party agreements are generally cancelable, and related costs are recorded as research and development expenses as

incurred. Non-refundable advance clinical payments for goods or services that will be used or rendered for future research and development activities are recorded as a prepaid asset and recognized as expense as the related goods are delivered or the related services are performed. When evaluating the adequacy of the accrued expenses, the Company analyzes progress of the studies, including the phase or completion of events, invoices received and contracted costs. Significant judgments and estimates may be made in determining the accrued balances at the end of any reporting period. Actual results could differ from the estimates made. The historical clinical accrual estimates have not been materially different from the actual costs.

Patent Costs

All patent-related costs incurred in connection with filing and prosecuting patent applications are expensed as incurred due to the uncertainty about the recovery of the expenditure. Amounts incurred are classified as general and administrative expenses in the accompanying statement of operations and comprehensive loss.

Stock-Based Compensation

The Company accounts for its stock-based compensation in accordance with ASC Topic 718, *Compensation-Stock Compensation* ("ASC 718"). ASC 718 requires all share-based payments to employees, consultants and directors, including grants of incentive stock options, nonqualified stock options, restricted stock awards, unrestricted stock awards or restricted stock units to employees, consultants and directors of the Company, to be recognized as expense in the statement of operations and comprehensive loss based on their grant date fair values. The Company estimates the fair value of options granted using the Black-Scholes option pricing model ("Black-Scholes") for stock option grants to both employees and non-employees and the fair value of common stock to determine the fair value of restricted stock.

The Black-Scholes option pricing model requires inputs based on certain subjective assumptions, including (i) the expected stock price volatility, (ii) the expected term of the award, (iii) the risk-free interest rate and (iv) expected dividends. Due to the lack of a public market for the Company's common stock and lack of company-specific historical and implied volatility data, the Company has based its computation of expected volatility on the historical volatility of a representative group of public companies with similar characteristics to the Company, including stage of product development and life science industry focus. The historical volatility is calculated based on a period of time commensurate with expected term assumption. The Company uses the simplified method as prescribed by the SEC Staff Accounting Bulletin No. 107, Share-Based Payment, to calculate the expected term for options granted to employees as it does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term. The expected term is applied to the stock option grant group as a whole, as the Company does not expect substantially different exercise or post-vesting termination behavior among its employee population. For options granted to non-employees, the Company utilizes the simplified method also as the basis for the expected term assumption. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected term of the stock options. The expected dividend yield is assumed to be zero because the Company has never paid dividends and has no current plans to pay any dividends on its common stock. The Company recognizes forfeitures as they occur as allowed by ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09").

There are significant judgments and estimates inherent in the determination of the fair value of the Company's common stock. These estimates and assumptions include a number of objective and subjective factors, including external market conditions, the prices at which the Company sold shares of preferred stock, the superior rights and preferences of securities senior to its common stock at the time of a liquidity event, such as the IPO or a sale, and the likelihood of such an event.

The Company expenses the fair value of its share-based compensation awards on a straight-line basis over the requisite service period, which is generally the vesting period.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities, which relate primarily to the carrying amount of the Company's its net operating loss carryforwards, are

measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax expense or benefit is the result of changes in the deferred tax assets and liabilities. Valuation allowances are established when necessary to reduce deferred tax assets where, based upon the available evidence, the Company concludes that it is more-likely-than-not that the deferred tax assets will not be realized. In evaluating its ability to recover deferred tax assets, the Company considers all available positive and negative evidence, including its operating results, ongoing tax planning and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. Because of the uncertainty of the realization of deferred tax assets, the Company has recorded a full valuation allowance against its deferred tax assets as of December 31, 2023 and 2022.

Reserves are provided for tax benefits for which realization is uncertain. Such benefits are only recognized when the underlying tax position is considered more-likely-than-not to be sustained on examination by a taxing authority, assuming they possess full knowledge of the position and facts. Interest and penalties related to uncertain tax positions are recognized in the provision of income taxes; however, the Company currently has no interest or penalties related to uncertain income tax benefits.

Comprehensive Income (Loss)

Comprehensive income (loss) is the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Comprehensive income (loss) includes net income (loss) and the change in accumulated other comprehensive income (loss) for the period. Accumulated other comprehensive income (loss) consisted entirely of unrealized gains and losses on available-for-sale marketable securities at December 31, 2023 and 2022.

Net Loss per Share

Basic loss per common share is determined by dividing loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration of common stock equivalents. Diluted loss per share is computed by dividing the loss attributable to common stockholders by the weighted-average number of common share equivalents outstanding for the period. The treasury stock method is used to determine the dilutive effect of the Company's stock option grants.

Recently Issued Accounting Pronouncements

The Company qualifies as an emerging growth company (“EGC”) as defined under the Jumpstart Our Business Startups Act (the “JOBS Act”). Using exemptions provided under the JOBS Act provided to EGCs, the Company has elected to defer compliance with new or revised financial accounting standards until it is required to comply with such standards, which is generally consistent with required adoption dates of private companies.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, to improve the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. The ASU also includes certain other amendments to improve the effectiveness of income tax disclosures. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2024, with early adoption permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the impact ASU No. 2023-09 will have on its financial statements.

The Company considers the applicability and impact of all ASUs issued by the FASB. All other ASUs issued subsequent to the filing of the Company’s Annual Report were assessed and determined to be either inapplicable or not expected to have a material impact on the Company’s financial position or results of operations.

NEXTCURE, INC.
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3. Marketable Securities

Marketable securities consist of the following:

	December 31, 2023			
(in thousands)	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value
Corporate bonds	$ 73,334	$ 36	$ (210)	$ 73,160
U.S. Treasury and Government agencies	22,105	5	(53)	22,057
Total	$ 95,439	$ 41	$ (263)	$ 95,217

	December 31, 2022			
(in thousands)	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value
Corporate bonds	$ 133,163	$ —	$ (1,457)	$ 131,706
U.S. Treasury and Government agencies	1,612	—	(37)	1,575
Total	$ 134,775	$ —	$ (1,494)	$ 133,281

The Company uses the specific identification method when calculating realized gains and losses. For the years ended December 31, 2023 and 2022, respectively, the Company recorded $0 and $9 thousand in realized gains on available-for-sale securities, which is included in other income on the statements of operations and comprehensive loss.

The Company reviewed all investments which were in a loss position at the respective balance sheet dates, as well as the remainder of the portfolio. As of December 31, 2023, the Company had investments with a total fair market value of $80.3 million in an unrealized loss position, of which $7.5 million were in a continuous unrealized loss position for more than twelve months. The Company analyzed the unrealized losses and determined that market conditions were the primary factor driving these changes, and such unrealized losses are temporary as the Company anticipates a full recovery of the amortized cost basis of these securities at maturity. After analyzing the securities in an unrealized loss position, the portion of these losses that relate to changes in credit quality is insignificant. The Company does not intend to sell these securities, nor is it more likely than not that the Company will be required to sell them prior to the end of their contractual terms. Furthermore, the Company does not believe that these securities expose the Company to undue market risk or counterparty credit risk.

The following table summarizes maturities of the Company's investments available-for-sale as of December 31, 2023:

	December 31, 2023	
(in thousands)	Cost	Fair Value
Maturities:		
Within 1 year	$ 92,512	$ 92,268
Between 1 to 2 years	2,927	2,949
Total investments available-for-sale	$ 95,439	$ 95,217

The Company has classified all of its investments available-for-sale, including those with maturities beyond one year, as current assets on the accompanying balance sheets based on the highly liquid nature of these investment securities and because these investment securities are considered available for use in current operations.

The Company has elected to report interest receivable from its marketable securities with prepaid expenses and other current assets on its balance sheet. Interest receivable included in prepaid expenses and other current assets totaled $0.8 million and $0.7 million as of December 31, 2023 and 2022, respectively.

NEXTCURE, INC.
NOTES TO FINANCIAL STATEMENTS

4. Fair Value Measurements

The Company has certain financial assets recorded at fair value, which have been classified as Level 1, 2 or 3 within the fair value hierarchy as described in the accounting standards for fair value measurements.

Level 1—Quoted market prices in active markets for identical assets or liabilities.

Level 2—Inputs other than Level 1 inputs that are either directly or indirectly observable, such as quoted market prices, interest rates and yield curves.

Level 3—Unobservable inputs developed using estimates of assumptions developed by the Company, which reflect those that a market participant would use.

To the extent the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair values requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized as Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following tables set forth the fair value of the Company's financial assets by level within the fair value hierarchy as of December 31, 2023 and 2022:

	December 31, 2023			
(in thousands)	Total	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable (Level 3)
Cash equivalents:				
Money market funds	$ 12,582	$ 12,582	$ —	$ —
Marketable securities:				
Corporate bonds	73,160	—	73,160	—
U.S. Treasury and Government agencies	22,057	—	22,057	—
Total	$ 107,799	$ 12,582	$ 95,217	$ —

	December 31, 2022			
(in thousands)	Total	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable (Level 3)
Cash equivalents:				
Money market funds	$ 6,782	$ 6,782	$ —	$ —
Marketable securities:				
Corporate bonds	131,706	—	131,706	—
U.S. Treasury and Government agencies	15,745	—	15,745	—
Total	$ 154,233	$ 6,782	$ 147,451	$ —

The Company did not transfer any assets measured at fair value on a recurring basis between levels during the years ended December 31, 2023 and 2022.

The carrying value of financial instruments, including trade receivables, accounts payable and accrued liabilities approximate fair value because of the short-term maturity of these items. The estimated fair values may not represent actual values of the financial instruments that could be realized as of the balance sheet date or that will be realized in the future.

NEXTCURE, INC.
NOTES TO FINANCIAL STATEMENTS

5. Property and Equipment, Net

Property and equipment consist of the following:

(in thousands)	December 31, 2023	December 31, 2022
Research equipment	$ 18,634	$ 17,244
Leasehold improvements	9,309	9,336
Computer equipment	908	908
Furniture and fixtures	186	186
Construction in progress	225	853
Property and equipment, gross	29,262	28,527
Less: accumulated depreciation and amortization	(20,229)	(16,630)
Property and equipment, net	$ 9,033	$ 11,897

Construction in progress at December 31, 2023 and 2022 consists of the costs incurred for research equipment and for the build-out of additional lab and office space.

Depreciation and amortization expense was $3.7 million and $4.1 million for the years ended December 31, 2023 and 2022, respectively.

6. Accrued Liabilities and Other Liabilities

Accrued liabilities consist of the following:

(in thousands)	December 31, 2023	December 31, 2022
Payroll and related benefits	$ 992	$ 1,639
Clinical trial costs	1,133	1,531
Sponsored research	424	417
Lease liabilities, current portion	656	518
Operating expenses	1,235	647
Other	113	105
Total accrued liabilities	$ 4,553	$ 4,857

7. Leases

The Company's lease portfolio consists of office space and laboratory facilities. All of the Company's leases are classified as operating leases. The terms of the Company's lease agreements that have commenced currently extend through March 2030 and provide the Company with an option for a five-year extension. Under the terms of the leases, the Company pays base annual rent subject to fixed dollar increases each year and other normal operating expenses such as taxes, repairs, and maintenance. The Company evaluates renewal options at lease inception and on an ongoing basis and considers renewal options that the Company is reasonably certain to exercise in its expected lease terms when classifying leases and measuring lease liabilities in accordance with ASC 842, Leases. The leases do not require variable lease payments or residual value guarantees and do not contain restrictive covenants.

The leases do not provide an implicit rate, therefore the Company uses its incremental borrowing rate as the discount rate when measuring the operating lease liability. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of the lease.

Operating lease expense was $1.1 million and $1.0 million for the years ended December 31, 2023 and 2022, respectively. Operating cash flows used for operating leases during the years ended December 31, 2023 and December 31, 2022 were $1.0 million and $0.9 million, respectively. As of December 31, 2023, the weighted-average remaining lease term was 6.25 years, and the weighted average discount rate was 7.47%.

NEXTCURE, INC.
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As of December 31, 2023, the maturities of the Company's operating lease liabilities were as follows (in thousands), which are included in Accrued liabilities and other liabilities and Lease liabilities, long term in the accompanying balance sheet:

Year Ending December 31,		
2024	$	1,127
2025		1,214
2026		1,355
2027		1,396
2027		1,438
Thereafter		1,857
Total future minimum payments	$	8,387
Less: present value discount		(1,782)
Present value of lease liabilities	$	6,605

8. Commitments and Contingencies

Legal Proceedings

The Company, from time to time, is a party to litigation or legal proceedings arising in the ordinary course of business, including the resolved litigations described immediately below. The Company is not a party to any litigation or legal proceedings, nor is management aware of any pending or threatened litigation that, in the opinion of the Company's management, are likely to materially affect the Company's business or financial results. At each reporting date, the Company evaluates whether a potential loss amount or a potential range of loss is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies. The Company expenses the costs related to its legal proceedings as incurred.

9. Preferred Stock

As of December 31, 2023, the Company's certificate of incorporation, as amended and restated, authorized the Company to issue 10,000,000 shares of preferred stock, $0.001 par value, and there were no shares of preferred stock issued or outstanding. The Company can fix the price, rights, preferences, privileges and restrictions of the preferred stock without any further vote or action by its stockholders.

10. Common Stock

As of December 31, 2023, the Company's Certificate of Incorporation, as amended and restated, authorized the Company to issue 100,000,000 shares of $0.001 par value common stock, of which 27,903,027 were issued and outstanding.

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. Common stockholders are entitled to receive dividends, as may be declared by the board of directors, if any, subject to the preferential dividend rights of any preferred stock. No dividends have been declared or paid by the Company through December 31, 2023.

In the event of any liquidation or dissolution of the Company, the holders of common stock are entitled to the remaining assets of the Company legally available for distribution after the payment of the full liquidation preference for any preferred stock.

11. Stock-Based Compensation

Employee Equity Plans

The NextCure, Inc. 2015 Omnibus Incentive Plan (the "2015 Plan") was adopted in December 2015 and provides for the grant of awards of stock options, restricted stock awards, unrestricted stock awards and restricted stock units to employees, consultants and directors of the Company. The 2015 Plan is administered by the board of directors or, at the discretion of the board of directors, by a committee of the board of directors.

NEXTCURE, INC.
NOTES TO FINANCIAL STATEMENTS

On May 3, 2019, the Company's stockholders approved the NextCure, Inc. 2019 Omnibus Incentive Plan (as amended, the "2019 Plan"), which became effective on May 8, 2019, the date on which the Company's Registration Statement on Form S-1 (Reg. No. 333-230837) was declared effective (the "Effective Date"). The Company's board of directors (the "Board") determined not to make additional awards under the 2015 Plan following the effectiveness of the 2019 Plan. The 2019 Plan provides for the grant of awards of stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock units, unrestricted stock, dividend equivalent rights, other equity-based awards and cash bonus awards to the Company's officers, employees, non-employee directors and other key persons (including consultants). The number of shares of common stock reserved for issuance under the 2019 Plan is 2,900,000 plus the number of shares of stock related to awards outstanding under the 2015 Plan that subsequently terminate by expiration or forfeiture, cancellation or otherwise without the issuance of such shares. The number of shares reserved for issuance under the 2019 Plan will automatically increase each January 1st during the term of the 2019 Plan by 4% of the number of shares of the Company's common stock outstanding on December 31st of the preceding calendar year or such lesser number of shares determined by the Board.

As of December 31, 2023, 2,204,868 shares were reserved for future issuance under the 2019 Plan.

Stock options granted under the 2015 Plan and 2019 Plan (together, the "Plans") to employees generally vest over four years and expire after 10 years.

A summary of stock option activity for awards under the Plans is presented below:

	Options Outstanding and Exercisable			
	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value[(1)] (in thousands)
Outstanding as of January 1, 2022	4,545,794	$ 14.15	8.1	$ 2,860
Granted	1,739,350	$ 5.34	—	—
Exercised	(50,420)	$ 1.32	—	—
Forfeitures	(972,545)	$ 13.77	—	—
Outstanding as of December 31, 2022	5,262,179	$ 11.44	7.6	$ 115
Granted	2,074,750	$ 1.55	—	—
Exercised	(5,057)	$ 0.99	—	—
Forfeitures	(514,770)	$ 6.25	—	—
Outstanding as of December 31, 2023	6,817,102	$ 8.83	7.3	
Exercisable as of December 31, 2023	3,851,843	$ 12.50		$ 52

(1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying options and the fair value of the common stock for the options that were in the money at December 31, 2023 and 2022.

The weighted average grant date fair value per share of stock options granted during the years ended December 31, 2023 and 2022 was $1.11 and $3.69 respectively. The aggregate intrinsic value of stock options exercised during the years ended December 31, 2023 and 2022 was $3,000 and $13,000, respectively.

The aggregate grant date fair value of stock options and restricted stock vested during the year ended December 31, 2023 and 2022 was approximately $9.1 million and $11.0 million, respectively.

On May 3, 2019, the Company's stockholders approved the NextCure, Inc. 2019 Employee Stock Purchase Plan (the "ESPP"), which became effective on the Effective Date. The ESPP is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423(b) of the Internal Revenue Code. A total of 240,000 shares of common stock were reserved for issuance under this plan. In addition, the number of shares of common stock that may be issued under the ESPP will automatically increase each January 1st until expiration of the ESPP, in an amount equal to the lesser of (i) 1% of the number of shares of the Company's common stock outstanding on December 31st of the preceding calendar year, (ii) 480,000 shares of common stock and (iii) a number of shares of common stock determined by the administrator

of the ESPP. As of December 31, 2023, 173,017 shares of common stock had been issued pursuant to the ESPP and 617,663 shares were reserved for future issuance thereunder.

Stock-Based Compensation

The Company recorded stock-based compensation expense of $8.2 million and $9.5 million during the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, there was $7.7 million of unrecognized compensation cost related to unvested stock-based compensation arrangements granted under the Plans. This remaining compensation expense is expected to be recognized over a weighted-average period of 1.8 years as of December 31, 2023.

Stock-based compensation expense recorded as research and development and general and administrative expenses is as follows:

	December 31,	
(in thousands)	**2023**	**2022**
Research and development	$ 2,924	$ 3,056
General and administrative	5,264	6,452
Total stock-based compensation expense	$ 8,188	$ 9,508

The assumptions used in the Black-Scholes option-pricing model for stock options granted were as follows:

	Year Ended December 31,	
	2023	**2022**
Expected term	6.1 years	5.5 - 6.1 years
Expected volatility	81.4 %	79.7 - 81.4 %
Risk free interest rate	3.5 - 4.09 %	1.8 - 4.2 %
Expected dividend yield	— %	— %

12. Collaboration Agreements

LegoChem Agreement

In November 2022, the Company entered into the LegoChem Agreement to develop up to three antibody drug conjugates. Under the terms of the LegoChem Agreement, both parties equally share the costs of developing the molecules and profits on commercialized products. The collaboration consists of up to three research programs for which a research plan will be developed. With respect to a research plan, each party shall use reasonable efforts to execute and perform the activities assigned to it. Each party shall be solely responsible for costs associated with its assigned activities as outlined in the research plan. Upon successful completion of a research plan, or as otherwise agreed, the parties may designate a research product as a co-development product. Upon designation of a co-development product, cost sharing on a 50-50 basis between the Company and LegoChem would begin. The activities associated with the research plan and co-development products will be coordinated by a joint steering committee, which is comprised of an equal number of representatives from the Company and LegoChem. If and when a co-development product becomes commercialized, the Company and LegoChem would equally share in the profits. There are no implied licenses or other rights created under the LegoChem Agreement after designation of a co-development product.

Effective April 1, 2023, the parties designated LNCB74 as the first co-development product under the LegoChem Agreement. As such, cost sharing on a 50-50 basis commenced for the first co-development product under the LegoChem Agreement.

Given the involvement by both parties under the LegoChem Agreement, management assessed the criteria under ASC 808 to determine if such agreement is within the scope of ASC 808. Based on the terms of the LegoChem Agreement, the Company concluded that the LegoChem Agreement meets the requirements of a collaboration within the guidance of ASC 808. The Company and LegoChem are active participants in the activities associated with the LegoChem Agreement and are exposed to significant risks and rewards dependent on the commercial success of the activity. The LegoChem

Agreement is not reflective of a vendor-customer relationship and therefore not within the scope of ASC 606. Accordingly, the net costs associated with the co-development are expensed as incurred and recognized within research and development expenses on the statement of operations.

As of December 31, 2023, LNCB74 was the lone co-development product and was in the early stages of development. During the year ended December 31, 2023, the Company incurred more costs than LegoChem under the LegoChem Agreement, and recorded a receivable from LegoChem and a corresponding reduction of $0.5 million in costs reflecting the 50-50 cost sharing terms.

13. Net Loss per Share Attributable to Common Stockholders

The Company's potential dilutive securities, which include common stock options, have been excluded from the computation of diluted net loss per share as the effect would be anti-dilutive. Therefore, the weighted average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same. The Company excluded the following potential common shares, presented based on amounts outstanding at period end, from the computation of diluted net loss per share attributable to common stockholders for the period indicated because including them would have had an anti-dilutive effect:

	December 31,	
	2023	2022
Outstanding options to purchase common stock	6,817,102	5,262,179
Total	6,817,102	5,262,179

14. Income Taxes

The reconciliation of federal statutory income tax rate to the Company's effective income tax rate is as follows:

	December 31,	
	2023	2022
Expected income tax benefit at the federal statutory rate	21.0 %	21.0 %
State taxes, net of federal benefit	6.7	6.5
Research and development credit, net	4.5	3.4
Non-deductible items	(0.9)	(1.7)
Prior year provision to return adjustments	(0.1)	(0.1)
Change in valuation allowance	(31.2)	(29.1)
Total	— %	— %

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

NEXTCURE, INC.
NOTES TO FINANCIAL STATEMENTS

The principal components of the Company's deferred tax assets consisted of the following as of December 31, 2023 and 2022:

(in thousands)	December 31, 2023	2022
Deferred tax assets:		
Federal and state net operating loss carryforwards	$ 56,409	$ 49,789
Research and development tax credits	14,208	11,395
Capitalized R&D Costs	20,776	12,424
Operating lease liabilities	1,818	1,960
Share-based compensation	6,053	4,389
Accruals and other	1,076	1,305
Gross deferred tax assets	100,340	81,262
Less: valuation allowance	(98,960)	(79,724)
Total deferred tax assets	$ 1,380	$ 1,538
Deferred tax liabilities:		
Depreciation and amortization	$	$ —
Operating lease assets	(1,380)	(1,538)
Gross deferred tax liabilities	$ (1,380)	$ (1,538)
Net deferred tax assets	$ —	$ —

Based on the Company's history of losses, the Company recorded a full valuation allowance against its deferred tax assets as of December 31, 2023. The Company increased its valuation allowance by approximately $19.2 million for the year ended December 31, 2023. The Company intends to maintain a valuation allowance until sufficient positive evidence exists to support a reversal of the allowance.

As of December 31, 2023, the Company had federal and state net operating loss carryforwards of $203.9 million and $208.5 million, respectively, some of which begin to expire in the year ending December 31, 2036. Approximately $181.1 million of the federal net operating loss carryforwards do not expire. The Company had federal and state research and development tax credit carryforwards of approximately $14.1 million and $0.1 million, respectively, as of December 31, 2023. The federal credits begin to expire in the year ending December 31, 2036, and the state credits begin to expire in the year ending December 31, 2024.

Under the provisions of Sections 382 and 383 of the Internal Revenue Code (the "IRC"), certain substantial changes in the Company's ownership may have limited, or may limit in the future, the amount of net operating loss and credit carryforwards that can be used to reduce future income taxes if there has been a significant change in ownership of the Company, as defined by the IRC. Future owner or equity shifts could result in limitations on net operating loss and credit carryforwards.

The Company files income tax returns in the U.S. federal jurisdiction as well as in Maryland. The tax years 2020 to 2022 remain open to examination by the major jurisdictions in which the Company is subject to tax. Fiscal years outside the normal statute of limitation remain open to audit by tax authorities due to tax attributes generated in those early years, which have been carried forward and may be audited in subsequent years when utilized.

The Company evaluates tax positions for recognition using a more-likely-than-not recognition threshold, and those tax positions eligible for recognition are measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon the effective settlement with a taxing authority that has full knowledge of all relevant information. As of December 31, 2023, the Company had no unrecognized income tax benefits that would affect the Company's effective tax rate if recognized.

15. Employee Benefit Plan

The Company sponsors a 401(k) plan which stipulates that eligible employees can elect to contribute to the 401(k) plan, subject to certain limitations, up to the lesser of the statutory maximum or 100% of eligible compensation on a pre-tax basis. For the years ended December 31, 2023, and 2022, the Company made matching contributions of $0.4 million and $0.3 million, respectively.

NEXTCURE, INC.
NOTES TO FINANCIAL STATEMENTS

16. Subsequent Event

On March 21, 2024, the Company implemented a plan to reduce operating costs and better align its workforce with the needs of its business. Under the cost reduction plan, the Company reduced its workforce by approximately 36%. The Company estimates that it will incur one-time restructuring charges of approximately $0.8 million including employee severance, benefits and related termination costs, the majority of which the Company expects to pay in the second quarter of 2024.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as of December 31, 2023. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2023, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

None.

Report of Management on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Under the supervision of and with the participation of our Principal Executive Officer and Principal Financial Officer, our management assessed the effectiveness of our internal control over financial report as of December 31, 2023 based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control-Integrated Framework" (2013). Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2023.

This Annual Report does not include an attestation report of our independent registered public accounting firm on our internal control over financial reporting due to an exemption established by the JOBS Act for "emerging growth companies."

Item 9B. Other Information

Director and Officer Trading Plans

During the quarter ending December 31, 2023, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1 or any non-Rule 10b5-1 trading arrangement.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections
None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance
The information required by this Item will be contained under the headings "Proposal No. 1: Election of Class III Directors," "Corporate Governance and our Board of Directors," and "Executive Officers" in our definitive proxy statement for our 2024 annual meeting of stockholders, or our "Proxy Statement," to be filed with the SEC within 120 days of December 31, 2023 and is incorporated herein by reference.

Item 11. Executive Compensation
The information required by this Item will be contained in the Proxy Statement under the headings "Executive Compensation" and "Director Compensation" and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item will be contained in the Proxy Statement under the headings "Ownership of our Common Stock" and "Equity Compensation Plan Information" and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item will be contained in the Proxy Statement under the headings "Certain Relationships and Related Person Transactions" and "Board Leadership and Governance Structure" and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this Item will be contained in the Proxy Statement under the heading "Proposal No. 2: Ratification of Appointment of Independent Registered Public Accounting Firm" and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this report:

(1) Financial Statements

See Index to Financial Statements in Part II Item 8 of this Annual Report.

(2) Financial Statement Schedules

All schedules are omitted because they are not applicable, or the required information is shown in the financial statements or notes thereto.

(3) Exhibits

The documents listed in the following Exhibit Index are incorporated by reference or are filed with this report, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

EXHIBIT INDEX

Exhibit No.	Exhibit Description
3.1	Third Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 filed with Company's Current Report on 8-K filed with the Commission on May 13, 2019).
3.2	Second Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Current Report on 8-K filed on June 26, 2023).
4.1	Amended and Restated Investors' Rights Agreement, dated as of November 5, 2018, by and among the Company and the investors party thereto (incorporated by reference to Exhibit 4.1 filed with Company's Registration Statement on Form S-1 filed with the Commission on April 12, 2019).
4.2	Description of Registered Securities (incorporated by reference to Exhibit 4.2 filed with the Company's Annual Report on Form 10-K filed with the Commission on March 12, 2020).
10.1†	License Agreement, dated as of December 29, 2015, by and between the Company and Yale University (incorporated by reference to Exhibit 10.1 filed with Company's Registration Statement on Form S-1 filed with the Commission on April 12, 2019).

10.2†	Corporate Sponsored Research Agreement, dated as of December 29, 2015, by and between the Company and Yale University (incorporated by reference to Exhibit 10.2 filed with Company's Registration Statement on Form S-1 filed with the Commission on April 12, 2019).
10.3†	Amendment to License Agreement and SRA, dated as of April 25, 2020, by and between the Company and Yale University (incorporated by reference to Exhibit 10.3 filed with the Company's Annual Report on Form 10-K filed with the SEC on March 4, 2021).
10.4+	NextCure, Inc. 2015 Omnibus Incentive Plan, (incorporated by reference to Exhibit 10.6 filed with Company's Registration Statement on Form S-1 filed with the Commission on April 12, 2019).
10.5+	Form of Stock Option Agreement under the NextCure, Inc. 2015 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.7 filed with Company's Registration Statement on Form S-1 filed with the Commission on April 12, 2019).
10.6+	NextCure, Inc. 2019 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.8 filed with Registration Statement on Form S-1/A filed with the Commission on April 29, 2019).
10.7+	Forms of Incentive and Nonqualified Stock Option Agreement under the NextCure, Inc. 2019 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.9 filed with Company's Registration Statement on Form S-1/A filed with the Commission on April 29, 2019).
10.8+	Form of Restricted Stock Agreement under the NextCure, Inc. 2019 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.10 filed with Company's Registration Statement on Form S-1/A filed with the Commission on April 29, 2019).
10.9+	Form of Restricted Stock Unit Agreement under the NextCure, Inc. 2019 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.11 filed with Company's Registration Statement on Form S-1/A filed with the Commission on April 29, 2019).
10.10+	NextCure, Inc. 2019 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.12 filed with Company's Registration Statement on Form S-1/A filed with the Commission on April 29, 2019).
10.11+	Non-Employee Director Compensation Program (incorporated by reference to Exhibit 10.1 filed with the Company's Current Report on Form 8-K filed with the Commission on September 14, 2020).
10.12+	Form of Indemnification Agreement by and between the Company and each of its directors and executive officers (incorporated by reference to Exhibit 10.5 filed with Company's Registration Statement on Form S-1 filed with the Commission on April 12, 2019).
10.13+	Employment Agreement, effective as of July 27, 2020, by and between the Company and Michael Richman (incorporated by reference to Exhibit 10.1 filed with the Company's Current Report on Form 8-K filed with the Commission on July 31, 2020).
10.14+	Employment Agreement, effective as of July 27, 2020, by and between the Company and Steven P. Cobourn (incorporated by reference to Exhibit 10.2 filed with the Company's Current Report on Form 8-K filed with the Commission on July 31, 2020).
10.15+	Employment Agreement, effective as of July 27, 2020, by and between the Company and Solomon Langermann, Ph.D. (incorporated by reference to Exhibit 10.3 filed with the Company's Current Report on Form 8-K filed with the Commission on July 31, 2020).
10.16†	Lease Agreement, dated as of January 30, 2019, by and between the Company and ARE-8000/9000/10000 Virginia Manor, LLC (incorporated by reference to Exhibit 10.14 filed with Company's Registration Statement on Form S-1 filed with the Commission on April 12, 2019).

10.17†	First Amendment to Lease Agreement, dated as of August 2, 2019, by and between the Company and ARE-8000/9000/10000 Virginia Manor, LLC (incorporated by reference to Exhibit 10.1 filed with Company's Quarterly Report on Form 10-Q filed on November 12, 2019).
10.18+	Amendment to the NextCure, Inc. 2015 Omnibus Incentive Plan dated as of September 30, 2021 (incorporated by reference to Exhibit 10.1 filed with Company's Quarterly Report on Form 10-Q filed on November 4, 2021).
10.19†	Amended and Restated Sublease Agreement, dated as of March 15, 2019, by and between the Company and Lupin, Inc. (incorporated by reference to Exhibit 10.4 filed with Company's Registration Statement on Form S-1 filed with the Commission on April 12, 2019).
10.20†	Second Amendment to License Agreement and SRA, dated as of October 20, 2021, by and between the Company and Yale University. (incorporated by reference to Exhibit 10.23 filed with the Company's Annual Report on Form 10-K filed with the Commission on March 3, 2022).
10.21†	Executive Employment Agreement, effective as of January 11, 2021, by and between the Company and Han Myint, M.D. (incorporated by reference to Exhibit 10.24 filed with the Company's Annual Report on Form 10-K filed with the Commission on March 3, 2022).
10.22†	Second Amendment to Lease Agreement, dated as of February 19, 2020, by and between the Company and ARE-8000/9000/10000 Virginia Manor, LLC. (incorporated by reference to Exhibit 10.25 filed with the Company's Annual Report on Form 10-K filed with the Commission on March 3, 2022).
10.23†	Third Amendment to Lease Agreement, dated as of February 4, 2022, by and between the Company and ARE-8000/9000/10000 Virginia Manor, LLC. (incorporated by reference to Exhibit 10.26 filed with the Company's Annual Report on Form 10-K filed with the Commission on March 3, 2022).
10.24†	Fourth Amendment to Lease Agreement, dated as of June 10, 2022, by and between the Company and ARE-8000/9000/10000 Virginia Manor, LLC (incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K filed on March 2, 2023).
10.25†	Third Amendment to SRA, dated as of September 14, 2022, by and between the Company and Yale University (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K filed on March 2, 2023).
10.26†	Fifth Amendment to Lease Agreement, dated as of November 28, 2022, by and between the Company and ARE-8000/9000/10000 Virginia Manor, LLC (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K filed on March 2, 2023).
10.27+†	Employment Agreement, effective as of February 28, 2023, by and between the Company and Kevin G. Shaw (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K filed on March 2, 2023).
10.28	Sales Agreement, dated as of August 4, 2023, by and between the Company and Leerink Partners LLC (incorporated by reference to Exhibit 1.2 to the Company's Registration Statement on Form S-3 filed on August 4, 2023).
10.29	Sixth Amendment to Lease Agreement, dated as of April 19, 2023, by and between the Company and ARE-8000/9000/10000 Virginia Manor, LLC (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 4, 2023).
10.30*†	Research Collaboration and Co-Development Agreement, dated as of November 9, 2022, by and between Nextcure, Inc. and LegoChem Biosciences, Inc.

23.1*	Consent of Ernst & Young LLP, independent registered public accounting firm.
24.1*	Power of Attorney (included on the signature page of this Annual Report on Form 10-K).
31.1*	Certification of Michael Richman pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Steven P. Cobourn pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Michael Richman and Steven P. Cobourn pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97*	NextCure, Inc. Policy on Recoupment of Incentive Compensation.
EX-101.INS	Inline XBRL Instance Document
EX-101.SCH	Inline XBRL Taxonomy Extension Schema Document
EX-101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
EX-101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
EX-101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
EX-101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Coverage Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.
\+ Indicates a management contract or compensatory plan.
† Portions of this exhibit have been omitted in compliance with Item 601 of Regulation S-K.

Item 16. Form 10-K Summary
None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

NEXTCURE, INC.

Date: March 21, 2024

By: /s/ Michael Richman
Name: Michael Richman
President and Chief Executive Officer

Each person whose signature appears below constitutes and appoints Michael Richman and Steven P. Cobourn and each of them, jointly and severally, his or her attorneys-in-fact, each with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Michael Richman Michael Richman	President, Chief Executive Officer and Director *(Principal Executive Officer)*	March 21, 2024
/s/ Steven P. Cobourn Steven P. Cobourn	Chief Financial Officer *(Principal Financial and Accounting Officer)*	March 21, 2024
/s/ David Kabakoff David Kabakoff, Ph.D.	Chair of the Board	March 21, 2024
/s/ Anne Borgman Anne Borgman, M.D.	Director	March 21, 2024
/s/ Ellen G. Feigal Ellen G. Feigal, M.D.	Director	March 21, 2024
/s/ John G. Houston John G. Houston, Ph.D.	Director	March 21, 2024
/s/ Elaine V. Jones Elaine V. Jones, Ph.D.	Director	March 21, 2024
/s/ Chau Q. Khuong Chau Q. Khuong	Director	March 21, 2024
/s/ Stephen Webster Stephen Webster	Director	March 21, 2024

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. OMITTED INFORMATION HAS BEEN REPLACED WITH ASTERISKS [***]

RESEARCH COLLABORATION AND CO-DEVELOPMENT AGREEMENT

BY AND BETWEEN

NEXTCURE, INC.

AND

LEGOCHEM BIOSCIENCES, INC.

NOVEMBER 9, 2022

RESEARCH COLLABORATION AND CO-DEVELOPMENT AGREEMENT

This Research Collaboration and Co-Development Agreement (this "Agreement") is made effective as of the 9th day of November 2022 (the "Effective Date") by and between NextCure, Inc. a corporation having its principal place of business at 9000 Virginia Manor Road, Suite 200, Beltsville, MD 20705, U.S.A ("NextCure") and LegoChem Biosciences, Inc., a corporation having its principal place of business at 10, Gukjegwahak 10-ro, Yuseong-gu, Daejeon, 34002, Republic of Korea ("LCB"). LCB and NextCure are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, NextCure is a biopharmaceutical company engaged in the research and development antibody-based products useful in the treatment or prevention of human diseases and conditions;

WHEREAS, LCB is a biopharmaceutical company that has developed proprietary site-specific, isoprenoid transferase-mediated conjugation, and isosubstrate and self-immolative beta-glucuronide containing linker technologies thereof and payload technologies thereof;

WHEREAS, NextCure has developed and/or Controls proprietary antibodies and has other valuable Know-How relating to antibody drug candidates ("NextCure Platform" as defined below) for use with Research Program Targets (as defined below);

WHEREAS, the Parties desire to collaborate on the research and development of new Research Products (as defined below) that utilize the LCB Platform in combination with the NextCure Platform, all in accordance with the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the premises and conditions set forth herein, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 "Acceptance" means: (a) with respect to a Regulatory Approval Application, receipt of a written communication from the applicable Regulatory Authority acknowledging that it has received such Regulatory Approval Application and that such Regulatory Approval Application is sufficiently complete to permit a substantive review for approval purposes; or (b) with respect to an IND, the expiration of the statutory waiting period without a notice of clinical hold or rejection from the applicable Regulatory Authority.

1.2 "ADC" or "Antibody Drug Conjugate" means an Antibody conjugated to a cytotoxic payload.

1.3 "Access and Pricing Plan" means, with respect to a given Co-Development Product, the Territory-specific plan for such Co-Development Product prepared by NextCure and LCB and reviewed by the JSC that calculates the Applicable Retail Baseline Price, launch timing ranges and target population for a Co-Development Product.

1.4 "Affiliate" means, with respect to a particular Party, a person, corporation, partnership, or other entity that controls, is controlled by or is under common control with such Party. For the purposes of this definition, the word "control" (including, with correlative meaning, the terms "controlled by" or "under the common control with") means the actual power, either directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity, whether by the ownership of fifty percent (50%) or more of the voting stock of such entity, by contract or otherwise.

1.5 "Antibody" means an unconjugated monoclonal antibody.

1.6 "Antigen" means any protein (including any glyco- or lipo-protein), carbohydrate, compound or other composition that stimulates the production of Antibodies or against which Antibodies are Directed.

1.7 "Applicable Law" means all applicable statutes, ordinances, regulations, rules, or orders of any kind whatsoever of any Governmental Authority, including the U.S. Food, Drug and Cosmetic Act, (21 U.S.C. §301 et seq.) ("FFDCA"), Prescription Drug Marketing Act, the Generic Drug Enforcement Act of 1992 (21 U.S.C. §335a et seq.), Biologics Price Competition and Innovation Act ("BPCIA") of 2009, U.S. Patent Act (35 U.S.C. §1 et seq.), Federal Civil False Claims Act (31 U.S.C. §3729 et seq.), and the Anti-Kickback Statute (42 U.S.C. §1320a-7b et seq.), all as amended from time to time, together with any rules, regulations, and compliance guidance promulgated thereunder, as well as foreign equivalents of any of the foregoing.

1.8 "Applicable Retail Baseline Price" means the applicable base list price under which both NextCure and LCB may Commercialize a Co-Development Product in the Territory as determined by the methodology set forth in the Applicable Retail Baseline Price Schedule or as otherwise agreed upon in writing by both Parties.

1.9 "Bankruptcy Laws" has the meaning set forth in Section 11.3 of this Agreement.

1.10 "Breaching Party" has the meaning set forth in Section 11.2 of this Agreement.

1.11 "Business Day" means a day other than Saturday, Sunday or any other day on which commercial banks located either in the United States or the Republic of Korea, as the case may be, are authorized or obligated by Applicable Law to close.

1.12 "Calendar Quarter" means the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31; provided, however, that (a) the first Calendar Quarter of the Term shall extend from the Effective Date to the end of the first complete Calendar Quarter thereafter; and (b) the last Calendar Quarter of the Term shall end upon the expiration or termination of this Agreement.

1.13 "Calendar Year" means the twelve (12) month period ending on December 31; provided however, that (a) the first Calendar Year of the Term, shall begin on the Effective Date and end on December 31, 2022; and (b) the last Calendar Year of the Term shall end on the effective date of expiration or termination of this Agreement.

1.14 "Claim" has the meaning set forth in Section 13.1of this Agreement.

1.15 "Clinical Trial" means any human clinical study or trial of Products in the Territory, including Phase I Trials, Phase II Trials, Phase III Trials and Phase IV Trials.

1.16 "Co-Commercialization Product" means any Co-Development Product that has received regulatory approval for sale and/or marketing and for which the Parties have executed an active and binding Commercialization Agreement in accord with Section 5.1.

1.17 "Co-Development Budget" means a detailed budget for the completion of the activities contemplated under the Co-Development Plan for such Co-Development Product. A sample of a preliminary and partial Co-Development Budget for the first Research Program Target is attached hereto as Exhibit C.

1.18 "Co-Development Plan" means a reasonably detailed written plan setting forth those Co-Development activities, to be completed by the Parties that are necessary or desirable to obtain or maintain Regulatory Approvals for the Co-Development Products. The Co-Development Plan shall include: (i) all key Development activities to be conducted with respect to the Co-Development Products, (ii) milestones to evaluate the progress of the Co-Development Products, and (iii) an allocation of responsibilities in relation to the foregoing activities, including those responsibilities of the Parties that will be performed by Subcontractors or Sublicensees;

1.19 "Combination Product" means either: (a) any pharmaceutical product that consists of the active ingredient of a Product and at least one other active ingredient that is not the active ingredient a Product; or (b) any combination of a Product and a second pharmaceutical product (that itself is not a Product) where the second pharmaceutical product contains at least one other active ingredient not contained in the Product and where such Product and second pharmaceutical product are not formulated together but are sold together and invoiced as one product.

1.20 "Co-Development Product" means any Product directed to a Co-Development Target, including all forms, presentations, doses and formulations thereof and any combinations with one or more other active ingredients. For the avoidance of doubt, Co-Development Products excludes Research Products until such time as they are designated as Co-Development Products.

1.21 "Co-Development Target" means any Research Program Target for which the Parties designate as a Target for further Development after Research Program.

1.22 "Commercialization Agreement" means an agreement detailing all activities undertaken relating to the marketing, promotion (including advertising, detailing, sponsored product or continuing medical education), any other offering for sale, distribution, or sale of any Co-Development and Co-Commercialization Product as described in Section 5.1.

1.23 "Commercialization and Related Costs" means all costs incurred by a Party and its Affiliates during the Term in connection with the commercialization of Co-Development Products in the Territory.

1.24 "Commercially Reasonable Efforts" means, with respect to the efforts to be expended, or considerations to be undertaken, by a Party or its Affiliate with respect to any objective, activity or decision to be undertaken hereunder, reasonable, good faith efforts to accomplish such objective, activity or decision as such Party would normally use to accomplish a similar objective, activity or decision under similar circumstances, it being understood and agreed that with respect to the Development, Manufacture, seeking and obtaining Regulatory Approval, or commercialization of the Products, such efforts and resources shall be consistent with those efforts and resources commonly used by a Party under similar circumstances for similar compounds or products owned by it or to which it has similar rights, which compound or product, as applicable, is at a similar stage in its development or product life and is of similar market potential taking into account: (a) issues of efficacy, safety, and expected and actual approved labelling, (b) the expected and actual competitiveness of alternative products sold by Third Parties of similar size and having similar resources in the marketplace, (c) the expected and actual product profile of the Products, (d) the expected and actual patent and other proprietary position of the Products, (e) the likelihood of Regulatory Approval given the regulatory structure involved, including regulatory or data exclusivity, (f) the expected and actual profitability and return on investment of the compound or product, or other compounds or products in a Party's portfolio of compounds or products, taking into consideration, among other factors, expected and actual (i) Third Party expenses, (ii) royalty, milestone and other payments to Third Parties and among the Parties, and (iii) the pricing and reimbursement relating to the product(s). Commercially Reasonable Efforts shall be determined on a country-by-country and indication-by-indication basis for each Product, as applicable, and it is anticipated that the level of effort and resources that constitute "Commercially Reasonable Efforts" with respect to a particular country or indication will change over time, reflecting changes in the status of each Product, as applicable,

and the country(ies) involved. Notwithstanding the foregoing, (a) neither Party shall be obligated to Develop, seek Regulatory Approval for, or commercialize a Product: (i) which, in its reasonable opinion after discussion with the other Party, caused or is likely to cause a fatal, life-threatening or other adverse safety event that is reasonably expected, based upon then available data, to preclude obtaining Regulatory Approval for such Product, or, if Regulatory Approval of such Product has already been obtained, to preclude continued marketing of such Product; or (ii) in a manner inconsistent with Applicable Law; and (b) the Parties shall not be obligated to commercialize a Co-Development Product in any jurisdiction where such Co-Development Product has not received a Pricing Approval.

1.25 "Competitive Product" means an ADC product Developed or Exploited against a Co-Development Target by one Party independently of the other Party and outside of this Agreement. For clarity, a Terminated Product or other product directed to a Terminated Target that are being advanced by a Sole Developing Party are not Competitive Products.

1.26 "Confidential Information" means, subject to ARTICLE 10, all non-public or proprietary Information disclosed by a Party or its Affiliate to the other Party or its Affiliate under this Agreement, which may include ideas, Inventions, concepts, compounds, compositions, formulations, formulas, practices, procedures, processes, methods, knowledge, Know-How, trade secrets, technology, inventories, machines, techniques, development, designs, drawings, computer programs, skill, experience, documents, apparatus, results, clinical and regulatory strategies, regulatory documentation, information and submissions pertaining to, or made in association with, filings with any Governmental Authority, data, including pharmacological, toxicological and clinical data, analytical and quality control data, manufacturing data and descriptions, patent and legal data, market data, financial data or descriptions, devices, assays, chemical formulations, specifications, material, product samples and other samples, physical, chemical and biological materials and compounds, and the like, without regard as to whether any of the foregoing is marked "confidential" or "proprietary," or disclosed in oral, written, graphic, or electronic form. Confidential Information shall include: (a) the terms and conditions of this Agreement; and (b) Confidential Information disclosed by either Party pursuant to the Mutual Confidential Disclosure Agreement between the Parties dated January 26, 2022.

1.27 "Control" or "Controlled" means, with respect to any Information, Know-How, Patent or other Intellectual Property Right, possession (including ownership) by a Party, including its Affiliates, of the ability (without taking into account any rights granted by one Party to the other Party under the terms of this Agreement) to grant access, a license or a sublicense to such Information, Patent or other Intellectual Property Right without violating the terms of any agreement or other arrangement with, or necessitating the consent of, any Third Party, at such time that the Party would be first required under this Agreement to grant the other Party such access, license or sublicense.

1.28 "Cover", "Covering" or "Covered" means, with respect to a product, technology, process or method, that, in the absence of ownership of or a license granted under a Valid Claim, the practice or Exploitation of such product, technology, process or method would infringe such Valid Claim (or, in the case of a Valid Claim that has not yet issued, would infringe such Valid Claim if it were to issue).

1.29 "Cure Period" has the meaning set forth in Section 11.2 of this Agreement.

1.30 "Development" means, with respect to the Products, all research, non-clinical and clinical drug development activities, including toxicology, pharmacology, and other non-clinical efforts, statistical analysis, formulation development, delivery system development, CDx development, the performance of any such research or Clinical Trials, including the process development and Manufacturing of Product for use in Clinical Trials, or other activities to obtain, but not maintain, Regulatory Approval of Products in the Field in the Territory. "Development" shall exclude all commercialization activities. When used as a verb, "Develop" means to engage in Development activities.

1.31 "Directed" means, with respect to an Antigen, that an Antibody or a Product is selected, generated or optimized to specifically bind to such Antigen.

1.32 "Disclosing Party" has the meaning set forth in Section 10.1 of this Agreement.

1.33 "Dispute" has the meaning set forth in Section 12.1 of this Agreement.

1.34 "EMA" means the European Medicines Agency or any successor agency or authority having substantially the same function.

1.35 "Exploit" or "Exploitation" means, either by itself or through Affiliates or Third Parties, to research, make, distribute, import, export, distribute, use, sell, or offer for sale, including to Develop, commercialize, register, modify, enhance, improve, Manufacture, or otherwise dispose of for commercial gain or profit.

1.36 "FDA" means the U.S. Food and Drug Administration, or any successor agency thereto.

1.37 "Field" means the use of monospecific ADC for the treatment of human diseases in all therapeutic areas.

1.38 "Force Majeure" means any event beyond the reasonable control of the affected Party including embargoes; war or acts of war, including terrorism, insurrections, riots, or civil unrest; strikes, lockouts or other labor disturbances; epidemics, fire, floods, earthquakes or other acts of nature; or acts, omissions or delays in acting by any Governmental Authority (including

the refusal of the competent Governmental Authorities to issue required Regulatory Approvals due to reasons other than the affected Party's negligence or wilful misconduct or any other cause within the reasonable control of the affected Party) and failure of plant or machinery (provided that such event or failure could not have been prevented by the exercise of skill, diligence, and prudence that would be reasonably and ordinarily expected from a skilled and experienced person engaged in the same type of undertaking under the same or similar circumstances).

1.39 "FTE" means twelve (12) months of work per full Calendar Year (or equivalent pro-rata portion thereof for a period less than 12 months) devoted to or in support of the Development of Research Products in accordance with the Research Program, that is carried out by one or more qualified scientific or technical employees of the Parties or its Affiliates, as such hours are measured in accordance with the Parties' normal time allocation practices. FTE only applies to employees of the Parties and does not apply to third-party contractors of the Parties.

1.40 "FTE Cost" means, for any period, the FTE Rate multiplied by the number of FTEs in such period.

1.41 "FTE Rate" means the hourly cost, as mutually agreed by the Party's in a specific Commercialization Agreement, Co-Development Plan, and/or Co-Development Budget, for a specific Party's FTEs that will be applicable to such FTEs for such specific development plan or budget, a Calendar Year for personnel engaged in Development activities. The FTE Rate shall be "fully burdened" and cover (a) employee salaries, bonuses, benefits, profit sharing, stock option grants, and FICA costs and benefits and other similar ex-US costs, (b) direct costs for equipment and other materials and services (including equipment expenses, and ordinary laboratory and manufacturing consumables utilized by such employees), and (c) reasonably attributable and assignable indirect costs (including training, recruiting, and relocation, facilities and other overhead associated with such employee and the performance of its planned and budgeted activities).

1.42 "Good Clinical Practice", "GCP" or "cGCP" means the then-current standards, practices and procedures promulgated or endorsed by the FDA as set forth in the guidelines adopted by the International Conference on Harmonization ("ICH"), titled "Guidance for Industry E6 Good Clinical Practice: Consolidated Guidance," (or any successor document) including related regulatory requirements imposed by the FDA and comparable regulatory standards, practices and procedures promulgated by the EMA, PMDA or other Regulatory Authority applicable to the Territory, as they may be updated from time to time.

1.43 "Good Laboratory Practice", "GLP", or "cGLP" means the then-current standards, practices and procedures promulgated or endorsed by the FDA as set forth in 21 C.F.R. Part 58 (or any successor statute or regulation), including related regulatory requirements imposed by the FDA and comparable regulatory standards, practices and procedures promulgated by the

EMA, PMDA or other Regulatory Authority applicable to the Territory, as they may be updated from time to time, including applicable guidelines promulgated under the ICH.

1.44 "Good Manufacturing Practice", "GMP", or "cGMP" means the then-current good manufacturing practice required by the FDA, as set forth in the FFDCA, as amended, and the regulations promulgated thereunder, for the manufacture and testing of pharmaceutical materials, and comparable Applicable Law related to the manufacture and testing of pharmaceutical materials in jurisdictions outside the U.S., including the quality guideline promulgated by the ICH designated ICH Q7A, titled "Q7A Good Manufacturing Practice Guidance for Active Pharmaceutical Ingredients" and the regulations promulgated thereunder, in each case as they may be updated from time to time.

1.45 "Governmental Authority" means any multi-national, federal, state, local, municipal or other government authority of any nature (including any governmental division, subdivision, department, instrumentality, agency, bureau, branch, office, commission, council, court or other tribunal).

1.46 "Global Brand Plan" means, with respect to a given Co-Development Product, the global, cross-functional commercialization plan for such Co-Development Product prepared by both NextCure and LCB, including any applicable Global Payer Plan.

1.47 "Global Payer Plan" means the global plan for a Co-Development Product prepared by both NextCure and LCB that sets forth the strategic direction, positioning, value proposition and reimbursement for such Co-Development Product.

1.48 "IND" means (a) an Investigational New Drug application as defined in the FFDCA, as amended, and applicable regulations promulgated hereunder by the FDA, (b) a similar clinical trial authorization application for a product filed with a Regulatory Authority in any other regulatory jurisdiction outside the U.S., the filing of which (in the case of (a) or (b)) is necessary to commence or conduct clinical testing of a pharmaceutical product in humans in such jurisdiction, or (c) documentation issued by a Regulatory Authority that permits the conduct of clinical testing of a product in humans in such jurisdiction.

1.49 "Indemnifying Party" has the meaning set forth in Section 13.4 of this Agreement.

1.50 "Indemnitee" has the meaning set forth in Section 13.4 of this Agreement.

1.51 "Information" means information, Inventions, compounds, compositions, formulations, formulas, practices, procedures, processes, methods, knowledge, Know-How, trade secrets, technology, techniques, designs, drawings, correspondence, computer programs, documents, apparatus, results, strategies, regulatory documentation, information and submissions

pertaining to, or made in association with, filings with any Governmental Authority or patent office, data, including pharmacological, toxicological, non-clinical and clinical data, analytical and quality control data, manufacturing data and descriptions, market data, financial data or descriptions, devices, assays, chemical formulations, specifications, material, product samples and other samples, physical, chemical and biological materials and compounds, and the like, in written, electronic, oral or other tangible or intangible form, now known or hereafter developed, whether or not patentable.

1.52 "Initiation" means, with respect to (i) a GLP toxicology study, the dosing of the first animal with a Co-Development Product pursuant to the toxicology protocol for the Co-Development Product and (ii) a Clinical Trial, the dosing of the first patient with a Co-Development Product pursuant to the clinical protocol for the specified Clinical Trial.

1.53 "Intellectual Property Rights" means Patents, copyrights, database rights, trade secrets, Know-How, and similar rights of any type (excluding trademarks) under the Laws of any territory, including all applications, registrations, extensions and renewals relating to any of the foregoing.

1.54 "Inventions" means any and all technical developments, inventions, discoveries or findings, improvements and developments, whether or not patentable, made, conceived or reduced to practice during the Term, whether made, conceived or reduced to practice solely by, or on behalf of, LCB, NextCure, the Parties jointly, or any Affiliate of the same.

1.55 "JDT" has the meaning set forth in Section 2.4 of this Agreement.

1.56 "JPT" has the meaning set forth in Section 2.3 of this Agreement.

1.57 "JSC" has the meaning set forth in Section 2.12 of this Agreement.

1.58 "Know-How" means, with respect to a Party, unpublished Information and Inventions Controlled by such Party. Know-How excludes any Information contained within a Party's published Patents.

1.59 "Knowledge" means, as applied to a Party, that such Party shall be deemed to have knowledge of a particular fact or other matter to the extent that a reasonably prudent person with primary responsibility for the applicable subject matter (being a director, senior manager, C-suite member of the Party's leadership team, patent and legal personnel, senior R&D team members of such Party) knew or after performing reasonable inquiry would have known of such fact or other matter.

1.60 "LCB Indemnitee" has the meaning set forth in Section 13.1 of this Agreement.

1.61 "LCB Know-How" means all Know-How owned or Controlled by LCB as of the Effective Date and during the Term that is necessary or useful to Develop or Exploit a Product in the Field in the Territory, including but not limited to any Know-How related to any of the LCB Platform and LCB Platform Improvement Know-How.

1.62 "LCB Patents" means all Patents owned or Controlled by LCB, as of the Effective Date or during the Term that are necessary or reasonably useful to Develop or Exploit Products in the Field in the Territory, including but not limited to Patents Controlled by LCB directed to the LCB Platform, LCB Platform Improvement Patents, and LCB's rights and interests in all Research Program Patents.

1.63 "LCB Platform" means LCB's proprietary (a) site-specific, isoprenoid transferase-mediated conjugation and isosubstrate, Farnesyltransferase (FTase) enzyme, self-immolative beta-glucuronide containing linker technologies thereof, and payload technologies thereof and (b) other cleavage, conjugation and linker technologies useful in ADCs, each as relating to the LCB Patents and LCB Know-How Controlled by LCB as of the Effective Date.

1.64 "LCB Platform Improvement Know-How" means Know-How generated by or on behalf of LCB (including its Affiliates and/or Subcontractors) or by or on behalf of collaboration partners of LCB independently of the Research Program, provided that such Know-How is Controlled by LCB and is related to the Research Program, or Know-How generated under the Research Program and related to the LCB Platform, and which is an improvement to the LCB Platform and is not Research Program Know-How, provided that such Know-How is Controlled by LCB and is related to the Research Program.

1.65 "LCB Platform Improvement Patents" means any Patent claiming an Invention generated by or on behalf of LCB independently of the Research Program, or any Patent claiming and improvement of the LCB Technology conceived or reduced to practice by or on behalf of LCB (including its Affiliates and/or Subcontractors) or collaboration partners of LCB or jointly with NextCure (including its Affiliates and/or Subcontractors) during the conduct of the Research Program that is not a Research Program Patent, collectively provided that such Patent is Controlled by LCB and is related to the Research Program.

1.66 "LCB Platform Improvement Technology" means all LCB Platform Improvement Know-How and LCB Platform Improvement Patents.

1.67 "LCB Research Expenses" means FTE Costs and reasonable out of pocket Third Party expenses, in each case, incurred by LCB in furtherance of the completion of those activities assigned to it under a Research Plan.

1.68 "LCB Technology" means all LCB Know-How and LCB Patents.

1.69 "Losses" has the meaning set forth in Section 13.1 of this Agreement.

1.70 "Manufacture" means all activities related to the manufacturing of Products, or any ingredient thereof, for Development and commercialization, labelling, packaging, in-process and final Product testing, release of Products or any ingredient thereof, quality assurance activities related to manufacturing and release of Products, ongoing stability tests and regulatory activities related to any of the foregoing including such operations undertaken by Subcontractors on behalf of LCB or NextCure with regard to the Product. When used as a verb, "Manufacture" means to engage in Manufacturing activities.

1.71 "Materials" has the meaning set forth in Section 3.6 of this Agreement.

1.72 "NextCure Platform" means NextCure's proprietary antibodies, related targets and their biology (including cell banks and lines), non-clinical and clinical development methodologies, manufacturing processes, and related companion diagnostics, each as relating to the NextCure Patents and NextCure Know-How Controlled by NextCure as of the Effective Date.

1.73 "NextCure Indemnitee" has the meaning set forth in Section 13.2 of this Agreement.

1.74 "NextCure Know-How" means all Know-How Controlled by NextCure as of the Effective Date or during the Term that are necessary or useful to Develop or Exploit Products in the Field in the Territory, including but not limited to any Know-How related to any of the NextCure Platform and NextCure Platform Improvement Know-How.

1.75 "NextCure License" has the meaning set forth in Section 6.1(a) of this Agreement.

1.76 "NextCure Patents" means all Patents Controlled by NextCure, as of the Effective Date or during the Term, that are necessary or useful to Develop or Exploit Products in the Field in the Territory, including but not limited to Patents Controlled by NextCure directed to the NextCure Platform, NextCure Platform Improvement Patents, and NextCure's rights and interests in all Research Program Patents.

1.77 "NextCure Technology" means all NextCure Know-How and NextCure Patents.

1.78 "NextCure Platform Improvement Technology" means all NextCure Platform Improvement Know-How and NextCure Platform Improvement Patents.

1.79 "NextCure Platform Improvement Know-How" means Know-How generated by or on behalf of NextCure (including its Affiliates and/or Subcontractors) or by or on behalf of collaboration partners of NextCure independently of the Research Program, provided that such Know-How is Controlled by NextCure and is related to the Research Program, or Know-How generated under the Research Program and related to the NextCure Platform, and which is an improvement to the NextCure Platform and is not Research Program Know-How, provided that such Know-How is Controlled by NextCure and is related to the Research Program.

1.80 "NextCure Platform Improvement Patents" means any Patent claiming an Invention generated by or on behalf of NextCure independently of the Research Program, or any Patent claiming and improvement of the NextCure Technology conceived or reduced to practice by or on behalf of NextCure (including its Affiliates and/or Subcontractors) or collaboration partners of NextCure or jointly with LCB (including its Affiliates and/or Subcontractors) during the conduct of the Research Program that is not a Research Program Patent, collectively provided that such Patent is Controlled by NextCure and is related to the Research Program.

1.81 "NextCure Research Expenses" means FTE Costs and reasonable out of pocket Third Party expenses, in each case, incurred by NextCure in furtherance of the completion of those activities assigned to it under a Research Plan.

1.82 "Non-Breaching Party" has the meaning set forth in Section 11.2 of this Agreement.

1.83 "Overhead" means an amount covering a Party's internal overhead costs, including equipment maintenance costs, utilities, general, administrative, supervisory and facilities expenses, including allocated personnel, building operating costs and depreciation and repairs and maintenance.

1.84 "Patents" means all: (a) patents, including any utility or design patent; (b) patent applications, including provisionals, substitutions, divisionals, continuations, continuations in-part or renewals; (c) patents of addition, restorations, extensions, supplementary protection certificates, registration or confirmation patents, patents resulting from post-grant proceedings, re-issues and re-examinations; (d) other patents or patent applications claiming priority directly or indirectly to: (i) any such specified patent or patent application specified in (a) through (c), or (ii) any patent or patent application from which a patent or patent application specified in (a) through (c) claim direct or indirect priority; (e) inventor's certificates; (f) other rights issued from a Governmental Authority similar to any of the foregoing specified in (a) through (e); and (g) in each of (a) through (f), whether such patent, patent application or other right arises in the U.S. or any other jurisdiction in the Territory.

1.85 "Person" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, incorporated association, joint venture or similar entity or organization, including a government or political subdivision, department or agency of a government.

1.86 "Phase I Trial" means a Clinical Trial of a Product with the endpoint of determining initial tolerance, safety, pharmacokinetic or pharmacodynamic information in single dose, single ascending dose, multiple doses and/or multiple ascending dose regimens, as more fully described in U.S. federal regulation 21 C.F.R. § 312.21(a) and its equivalents in other jurisdictions.

1.87 "Phase II Trial" means a Clinical Trial of a Product with the endpoint of evaluating its effectiveness for a particular indication or indications in one or more specified doses or its short-term tolerance and safety, as well as its pharmacokinetic and pharmacodynamic information in patients with the indications under study, as more fully described in U.S. federal regulation 21 C.F.R. § 312.21(b) and its equivalents in other jurisdictions.

1.88 "Phase III Trial" means a pivotal Clinical Trial of a Product on a sufficient number of patients, which trial is designed to: (a) establish that the Product is safe and efficacious for its intended use; (b) define any warnings, precautions and adverse reactions that are associated with the Product in the dosage range to be prescribed; and (c) support Regulatory Approval for the Product, as more fully described in U.S. federal regulation 21 C.F.R. § 312.21(c) and its equivalents in other jurisdictions.

1.89 "Pricing Approval" means any governmental approval, agreement, determination or decision establishing prices that can be charged and/or reimbursed for a Co-Development Product to be commercially sold in a jurisdiction where the applicable Governmental Authority or Regulatory Authority approves or determines the pricing and/or reimbursement of medicinal products.

1.90 "Product" means any pharmaceutical, biological or other medicinal product, including all forms, presentations, strengths, doses and formulations (including any method of delivery), that includes an ADC based on an Antibody that is Controlled by NextCure and that uses the LCB Platform.

1.91 "Product Liabilities" means all losses, damages, fees, expenses and other liabilities incurred by, or on behalf of, a Party, its Affiliate or its sublicensee and resulting from or relating to human use of a Co-Development Product, including use in Clinical Trials or commercialization of such Products, in the Territory during the Term, but excluding all losses, damages, fees, expenses and other liabilities that are a result of a Party's, its Affiliates' or its

sublicensee's negligence, wilful misconduct or breach of such Party's obligations under this Agreement, including its representations and warranties made hereunder. For the avoidance of doubt, Product Liabilities include reasonable attorneys' and experts' fees and expenses relating to any claim or potential claim against a Party, its Affiliate, or its sublicensee. Product Liabilities shall include any losses, damages, fees, expenses and other liabilities associated with recalls and/or the voluntary or involuntary withdrawal of a Research Product or a Co-Development Product.

1.92 "Quality Agreement" means any quality agreements generated by one Party (if such Party is Manufacturer) or between a Party and a Third-Party contract manufacturer related to Co-Development and/or Co-Commercialization Products supplied pursuant to this Agreement for clinical or commercial use.

1.93 "Receiving Party" has the meaning set forth in Section 10.1 of this Agreement.

1.94 "Regulatory Approval" means any approval of an application (including supplement, amendment, pre- and post-approval, Pricing Approval and reimbursement approval), or the issuance of a license, registration or authorization, of any national, regional, state or local Regulatory Authority, department, bureau, commission, council or other Government Authority, that is necessary for the commercialization of Products under this Agreement in the Territory.

1.95 "Regulatory Approval Application" means a biologics license application ("BLA"), or any corresponding application for Regulatory Approval in the Territory.

1.96 "Regulatory Authority" means any applicable Governmental Authority involved in granting Regulatory Approval in a country or jurisdiction in the Territory, including in the U.S., the FDA and any other applicable Governmental Authority having jurisdiction over the Product; in the EU, the EMA or any competent Governmental Authority in the EU; in Japan, the PMDA; in China, the NMPA; and any other applicable Governmental Authority having jurisdiction over a Product.

1.97 "Regulatory Documentation" means, with respect to each Research Product or Co-Development Product, all: (a) Regulatory Materials, including all data contained therein and all supporting documents created for, submitted to or received from an applicable governmental agency or Regulatory Authority relating to such Regulatory Materials; and (b) other documentation or Information Controlled by a Party which is reasonably necessary in order to Exploit such Product in the Field in the Territory, including any registrations and licenses, regulatory drug lists, advertising and promotion documents shared with Regulatory Authorities, adverse event files, complaint files and Manufacturing records.

1.98 "Regulatory Materials" means, with respect to each Research Product and Co-Development Product, all documentation, correspondence, submissions and notifications submitted to or received from a Regulatory Authority or created to memorialize a communication with a Regulatory Authority that are necessary or reasonably useful in order to Exploit such Product in the Field in the Territory. For the avoidance of doubt, Regulatory Materials shall include, with respect to each Research Product and Co-Development Product, all INDs, Regulatory Approval Applications, Regulatory Approvals, Pricing Approvals and amendments and supplements for any of the foregoing, as well as the contents of any minutes from meetings (whether in person or by audio conference or videoconference) with a Regulatory Authority.

1.99 "Research Plan" means a plan setting for the research activities to be completed by the Parties for each respective Research Program Target. A first Research Plan for the first Research Program Target is set out in Exhibit A of this Agreement.

1.100 "Research Product" means each Product developed under the Research Program in accordance with the applicable Research Plan. For the avoidance of doubt, a Research Product is not a Co-Development Product unless and until the Parties designate the Research Product as Co-Development Product.

1.101 "Research Program" means the program pursuant to which the Parties will conduct research activities related to each Research Program Target, each pursuant to a Research Plan.

1.102 "Research Program Know-How" means all Know-How within the Research Program Technology.

1.103 "Research Program Patents" means all Patents within the Research Program Technology.

1.104 "Research Program Target" means an Antigen, designated by the Parties as the subject of a Research Plan.

1.105 "Research Program Technology" has the meaning set forth in Section 8.1(c).

1.106 "Results" means all data, information, or materials identified, developed, generated, created, or conceived under the Agreement, including all tangible records of such data and information.

1.107 "Sales Force Costs" means NextCure or LCB or any of its Affiliates' Costs for the Sales Force in or for the Territory, calculated in accordance with Section 5.11 (Calculation of Sales Force Costs and Other Personnel Costs).

1.108 "Sole Developing Party" has the meaning set forth in Section 11.5 of this Agreement.

1.109 "Subcontractor" means a Third Party contractor (including contract research organizations or contract manufacturing organizations) engaged by a Party on a fee-for-service basis to perform certain obligations of such Party or exercise certain rights on behalf of such Party, in each case, under this Agreement.

1.110 "Sublicense" means, in connection with its Development, Manufacture or Commercialization of Products under this Agreement, an agreement made by a Party with a Third Party where such Party grants to such Third Party a sublicense under the rights granted to such Party under this Agreement. For clarity, a respective sublicense may be, to the extent consistent with all terms and conditions of this Agreement, exclusive or non-exclusive, sublicensable or non-sublicensable, and/or transferable or non-transferrable, as appropriate to the given circumstances.

1.111 "Sublicensing Revenue" means any cash consideration, or the cash equivalent value of non-cash consideration, regardless of whether in the form of upfront payments, milestones, or royalties, actually received by a Party or its Affiliate from a Third Party in consideration for a grant of any rights for such Third Party to develop or commercialize one or more Products in the Territory, but excluding any amounts paid as bona fide reimbursement for research and development costs to the extent incurred by the Party following such grant.

1.112 "Term" has the meaning set forth in Section 11.1 of this Agreement.

1.113 "Terminated Product" means any Product for which the Parties terminates in accordance with Article 11 of this Agreement.

1.114 "Terminated Target" means any (i) Research Program Target for which the Parties did not designate as Co-Development Target or (ii) Co-Development Target for which the Parties terminates in accordance with Article 11 of this Agreement.

1.115 "Territory" means worldwide.

1.116 "Test Materials" means those research and development purposes Materials that are produced from NextCure's Materials by LCB using the LCB Platform.

1.117 "Third Party" means a Person other than LCB and NextCure and their respective Affiliates.

1.118 "U.S." means the United States of America, its territories and possessions, including Puerto Rico.

ARTICLE 2
Governance

2.1 Governance Overview. As set forth more fully below, the Parties agree that a joint steering committee ("Joint Steering Committee" or "JSC") shall manage the overall coordination, communication and oversight of all of the Parties' Research Program and Co-Development Plan activities under this Agreement, while the day-to-day aspects and the implementation of the Research Plan(s) and the Research Program activities shall be managed by a dedicated joint project team ("Joint Project Team" or "JPT"). In conjunction with completion of a Research Program, the Parties will establish a joint development team ("Joint Development Team" or "JDT") to manage on behalf of the JSC the day-to-day aspects and the implementation of the Co-Development Plan(s) and the Development activities to advance the Co-Development Products. JSC, JPT and JDT meetings, presentations, minutes and all documentation shall be in English.

2.2 Joint Steering Committee.

(a) **Formation and Purpose**. In accordance with this Section 2.2, the Parties agree to establish and convene a JSC promptly and no later than within sixty (60) days after the Effective Date. The JSC shall consist of an equal number of representatives from each Party and operate by the procedures in accordance with this Section 2.2. During the Term, the purpose of the JSC shall be to provide a forum for the coordination, communication and oversight of the Parties' activities in furtherance of the Research Plans and Co-Development Plans.

(b) **JSC Responsibilities**. The JSC's primary responsibilities with respect to the Research Programs shall be to:

(i) facilitate the exchange of Information between the Parties with respect to the Research Programs and Co-Development Products;

(ii) review, discuss and approve the Research Plans for each Research Program Target, and all amendments and updates thereto;

(iii) review, discuss and approve the Co-Development Plans, including the corresponding Co-Development Budgets, and all amendments and updates thereto;

(iv) monitor, review, discuss and coordinate the overall progress of each Research Product under its Research Plan;

(v) monitor, review, discuss and coordinate the overall progress of each Co-Development Product under the Co-Development Plan;

(vi) serve as a forum to discuss the Parties' efforts to coordinate protection of each Party's respective Intellectual Property Right related to this Agreement (overall IP strategy);

(vii) serve as the first forum to hear and resolve disputes in respect of research or Development matters;

(viii) IP discussions (day to day management, strategy alignment)

(ix) perform such other functions as appropriate to further the purposes of the Development of Research Product or Co-Development Product, as determined by the Parties in writing.

(c) **JSC Decisions and Actions**. The Parties shall use good faith efforts to achieve consensus regarding any actions. If the JSC fails to reach agreement on a matter before it for decision, CEOs or other designated senior executives delegated with authority of each Party shall confer and attempt to resolve such matter in good faith. Absent final agreement by the CEOs or other designated senior executives of NextCure and LCB to resolve an issue deadlocked before the JSC or a subcommittee, (i) acting in good faith NextCure will have final tie-breaking decision authority with respect to any deadlocked issue to the extent it is in regard to IND submission, clinical trials, and/or Antibody intermediate CMC/manufacturing, and (ii) acting in good faith LCB will have final tie-breaking decision authority with respect to any deadlocked issue to the extent it is in regard to the CMC/manufacturing for ADC drug product and drug substance (i.e., excepting Antibody intermediate manufacturing. All other deadlocked issues not resolved by the CEOs or other designated senior executives shall be subject to dispute resolution in accord with Article 12. Notwithstanding the foregoing and for clarity, neither Party shall be able to use the above tie-breaking authority to materially expand the approved budget for a Co-Development Program, to select Co-Development Products, or to select Research Targets.

(d) **JSC Membership.** Within thirty (30) days after the Effective Date, each Party shall designate at minimum two (2) representatives for the JSC. Each representative shall have the appropriate level of experience in the subject area of the JSC, and at least one (1) representative shall have sufficient seniority within the applicable Party's organization to have the necessary decision-making authority in order for the JSC to fulfill its responsibilities. Either Party may designate substitutes for its JSC representatives if one (1) or more of such Party's designated representatives is unable to be present at a meeting. From time to time each Party may replace its JSC representatives by written notice to the other Party specifying the prior representative(s) and their replacement(s).

(e) **Alliance Manager**. Promptly after the Effective Date, each Party will appoint a person who will oversee interactions between the Parties between meetings of the

committees and teams established hereunder (each, an "Alliance Manager"). The Alliance Manager will have the right to attend all meetings of the JSC, the JPT and JDT subcommittees and working teams established hereunder, at such meetings. Each Party may in its sole discretion replace its Alliance Manager at any time by notice in writing to the other Party. The Alliance Manager (or his or her designee) shall: (1) prepare and circulate an agenda reasonably in advance of each upcoming meeting; and (2) prepare and issue minutes of the JSC meeting within thirty (30) days thereafter. Such minutes shall not be finalized until each JSC representative reviews and approves such minutes in writing; provided that any minutes shall be deemed approved unless a JSC representative objects to the accuracy of such minutes within fifteen (15) days after the circulation of the minutes.

(f) **Meetings**.

(i) **Timing and Frequency**. Unless otherwise agreed by the Parties, the JSC shall meet at least once each Calendar Quarter. Additional meetings of the JSC may be held with the consent of each Party (such consent not to be unreasonably withheld, delayed or conditioned), as required under this Agreement.

(ii) **Meeting Procedures**. The JSC may meet either (i) in person at either Party's facilities or at such locations as the Parties may otherwise agree; or (ii) by audio or video teleconference. Each Party shall be responsible for all of its own expenses incurred in connection with participating in the JSC, including all travel and lodging.

(g) **Non-Member Participation**. Additional non-members of the JSC having relevant experience in certain areas, such as IP, may from time to time be invited to participate in a JSC meeting, provided that such participants shall have no voting rights or powers. Non-member participants who are not employees of a Party or its Affiliates shall only be allowed to attend if: (i) the other Party's representatives have consented to the attendance (such consent not to be unreasonably withheld, delayed or conditioned); and (ii) such non-member participant is subject to and agrees to confidentiality and non-use obligations at least as restrictive as those set forth in this Agreement and intellectual property ownership and assignment provisions consistent with the obligations of the Parties under this Agreement.

2.3 Joint Project Team.

(a) **Formation and Role**. With respect to each Research Plan the Parties through the JSC shall establish a joint project team (the "JPT") and such JPT will coordinate and manage the day-to-day aspects and the implementation of the Research Programs through the development of Research Plans. For that purpose and to the extent reasonably necessary, the JPT will:

(i) facilitate communications and discussions between the Parties with respect to the Research Plans;

(ii) monitor and manage all activities related to the Research Plans;

(iii) exchange information and R&D data developed pursuant to the Research Plans;

(iv) propose, review, and discuss updates and amendments to the Research Plans; and

(v) submit amendments to the Research Plans to the JSC for review and approval.

The JPT shall have no decision-making authority with respect to the Research Plans.

(b) **Members**. Each Party through the JSC shall appoint one or more representatives to the JPT. Each Party may replace its representative(s) at any time upon written notice to the other Party; provided that each representative shall be an employee of the applicable Party or its Affiliate having sufficient experience and responsibility within such Party to make decisions arising within the scope of the JPT's responsibilities. Each Party's Alliance Manager will convene and propose agenda for the meetings of the JPT and to ensure the preparation of meeting minutes, but Alliance Managers shall have no additional powers or rights beyond those held by other JPT representatives.

(c) **Meetings**. The JPT shall meet at least every month, unless the Parties mutually agree in writing to a different frequency for such meetings. Either Party may also call a special meeting of the JPT (by videoconference or teleconference) by at least ten (10) Business Days' prior written notice to the other Party, and such Party shall provide the other members, no later than ten (10) Business Days prior to the special meeting, with materials reasonably adequate to enable informed discussion or decision-making, as applicable. Each Party shall bear the expense of its respective JPT members' participation in JPT meetings. Meetings of the JPT shall be effective only if at least one representative from each Party is present or participating in such meeting. The Alliance Managers of both Parties shall jointly be responsible for preparing reasonably detailed written minutes of all JPT meetings that reflect all material decisions made at such meetings. The Alliance Managers shall send draft meeting minutes to each member of the JPT for review and approval within ten (10) Business Days after each JPT meeting. Such minutes shall be deemed approved unless one or more members of the JPT object to the accuracy of such minutes within ten (10) Business Days of receipt.

(d) **Non-Member Participation**. Additional non-members of the JPT having relevant experience in certain areas, such as IP, may from time to time be invited to participate in a JPT meeting, provided that such participants shall have no voting rights or powers. Non-

member participants who are not employees of a Party or its Affiliates shall only be allowed to attend if: (i) the other Party's representatives have consented to the attendance (such consent not to be unreasonably withheld, delayed or conditioned); and (ii) such non-member participant is subject to and agrees to confidentiality and non-use obligations at least as restrictive as those set forth in this Agreement and intellectual property ownership and assignment provisions consistent with the obligations of the Parties under this Agreement.

2.4 Joint Development Team.

(a) **Formation and Role**. Within thirty (30) days of selection of a Co-Development Product in accord with Section 3.4(f), the Parties through the JSC shall establish a joint development team (the "JDT") and such JDT will coordinate and manage the day-to-day aspects and the implementation of the Co-Development Plans. For that purpose and to the extent reasonably necessary, the JDT will:

(i) facilitate communications and discussions between the Parties with respect to the Co-Development Plans;

(ii) monitor and manage all activities related to the Co-Development Plans;

(iii) exchange information and R&D data developed pursuant to the Co-Development Plans;

(iv) propose, review, and discuss updates and amendments to the Co-Development Plans;

(v) submit amendments to the Co-Development Plans to the JSC for review and approval;

(vi) CMC strategy, including choice of CMOs; and

(vii) perform such other functions as appropriate to further the co-development of each respective Co-Development Product as determined by the Parties in writing from time to time.

The JDT shall have no decision-making authority with respect to modifying the Co-Development Plans and respective Co-Development Budgets, but may refer recommendations to the JSC for consideration and action.

(b) **Members**. Each Party shall appoint one or more representatives to the JDT. Each Party may replace its representative(s) at any time upon written notice to the other Party; provided that each representative shall be an employee of the applicable Party or its Affiliate having sufficient experience and responsibility within such Party to make decisions arising within the scope of the JDT's responsibilities. The Alliance Managers shall convene

and propose agenda for the meetings of the JDT and to ensure the preparation of meeting minutes, but that Alliance Managers shall have no additional powers or rights beyond those held by other JDT representatives.

(c) **Meetings**. The JDT shall meet at least every month, unless the Parties mutually agree in writing to a different frequency for such meetings. Either Party may also call a special meeting of the JDT (by videoconference or teleconference) by at least ten (10) Business Days' prior written notice to the other Party, and such Party shall provide the other members, no later than ten (10) Business Days prior to the special meeting, with materials reasonably adequate to enable informed discussion or decision-making, as applicable. Each Party shall bear the expense of its respective JDT members' participation in JDT meetings. Meetings of the JDT shall be effective only if at least one representative from each Party is present or participating in such meeting. The Alliance Managers of both Parties shall be jointly responsible for preparing reasonably detailed written minutes of all JDT meetings that reflect all material decisions made at such meetings. The Alliance Manager shall send draft meeting minutes to each member of the JDT for review and approval within ten (10) Business Days after each JDT meeting. Such minutes shall be deemed approved unless one or more members of the JDT object to the accuracy of such minutes within ten (10) Business Days of receipt.

(d) **Non-Member Participation**. Additional non-members of the JDT having relevant experience in certain areas, such as IP, may from time to time be invited to participate in a JDT meeting, provided that such participants shall have no voting rights or powers. Non-member participants who are not employees of a Party or its Affiliates shall only be allowed to attend if: (i) the other Party's representatives have consented to the attendance (such consent not to be unreasonably withheld, delayed or conditioned); and (ii) such non-member participant is subject to and agrees to confidentiality and non-use obligations at least as restrictive as those set forth in this Agreement and intellectual property ownership and assignment provisions consistent with the obligations of the Parties under this Agreement.

ARTICLE 3
Research program

3.1 Purpose. Each Research Product will be researched in accordance with a Research Plan which would define the respective activities of the Research Program (the "Research Period") for each Research Program Target. The terms of this Section 3 shall only apply to the Parties' rights and obligations under this Agreement with respect to the Research Program.

3.2 Licenses During the Research Program.

(a) **License to NextCure**. During the Research Program with respect to each Research Program Target, LCB hereby grants to NextCure, and NextCure hereby accepts, a limited, non-exclusive, non-transferable, non-sublicensable (other than to Affiliates and/or Subcontractors acting on behalf of NextCure), royalty-free license, under the LCB Technology for use in the Field in the Territory solely to perform research and development, and to perform its obligations under the Research Plan.

(b) **License to LCB**. During the Research Program with respect to each Research Program Target, NextCure hereby grants to LCB, and LCB hereby accepts, a limited, non-exclusive, non-transferable, non-sublicensable (other than to Affiliates and/or Subcontractors acting on behalf of LCB), royalty-free license, under the NextCure Technology for use in the Field in the Territory solely to perform research and development and to perform its obligations under the Research Plan.

(c) **No Implied Licenses**. No license or other right is or shall be created or granted hereunder during the Research Program with respect to any Research Program Target by implication, estoppel, or otherwise. All licenses and rights during the Research Program are or shall be granted only as expressly provided in this Agreement. All rights not expressly granted by a Party under this Agreement are reserved by such Party and may not be used by the other Party for any purpose.

(d) **Expiration of Research Licenses**. The licenses granted to each Party during the Research Program with respect to each Research Program Target shall terminate upon the earlier of (i) the designation of such Research Program Target as Co-Development Target, or (ii) the designation of such Research Program Target as a Terminated Target in accordance with Article 11.

3.3 Nomination and Selection of Research Program Targets. The Research Program shall consist of Research Plans involving up to three (3) Research Program Targets. The Parties will initially develop a Research Program against B7-H4 (the "First Research Program Target") utilizing NextCure Technology encompassing a B7-H4 antibody, and have the option as set forth below to decide at the JSC to develop two (2) additional Research Programs by mutual consent between the Parties. Each Party can submit additional targets to the JSC for consideration and potential adoption as a Research Program Target during the twenty-four (24) month period after the Effective Date. The second and third Research Program targets will be selected only by mutual agreement of the Parties at the JSC, at which time the JSC will draft and adopt by mutual agreement of the Parties a Research Plan for the respective new Research Program Target similar in form and content to the initial Research Plan attached hereto as Exhibit A.

3.4 Research Plans and Research Activities.

(a) **Creation of Additional Research Plans.** As of the Effective Date, the Research Program consists of the Research Plan for the First Research Program Target (the "Initial Research Plan") which is attached to this Agreement in Exhibit A in an initial version. Subject to Section 3.3, the JPT will create and update Research Plans for each Research Program Target and submit such Research Plans to the JSC for approval.

(b) **Initiation of Research Activities**. The Parties shall begin activities under the Initial Research Plan promptly after the Effective Date. With respect to the optional second and third Research Program Targets, the Parties shall begin activities under the applicable Research Plan promptly as provided in the applicable Research Plan.

(c) **Performance Obligations**. With respect to each Research Plan, LCB and NextCure shall each use Commercially Reasonable Efforts to execute and perform the activities assigned to it and cooperate with the other Party in the performance of such activities. Each Party shall conduct the activities assigned to it under the Research Plan in a good scientific manner consistent with industry standards and in compliance in all material respects with Applicable Law, including applicable national and international (e.g., ICH, GCP, GLP, and GMP) guidelines.

(d) **Changes to a Research Plan**. The Parties recognize that a Research Plan may need adaptation as the research proceeds and additional scientific results are obtained. Should such results reasonably necessitate a material change in the scope or direction of the applicable Research Plan, the Parties would seek to mutually agree upon changes that are commercially reasonable and objectively take into account technical probabilities of success. The JPT can recommend to the JSC changes in Research Plan and the JSC will make final decision on changing the Research Plan.

(e) **Disclosure of Data and Results**. On an ongoing basis during the Term, the Parties shall disclose to each other all Results and Know-How relating to the LCB Technology and NextCure Technology respectively, Research Product or Co-Development Product generated by or on behalf of the Parties or its respective Affiliates or Sublicensees, in each case, in the performance of any activities under this Agreement during the Term. For clarity, LCB will be entitled to use such Results and Know-How for internal research or Development into LCB Platform Improvement Technology. In no case shall LCB share such Results and Know-How specific to NextCure's target, NextCure's Materials, or NextCure's Confidential Information with Third Parties without prior written consent of NextCure. NextCure will be entitled to use such Results and Know-How for internal research or Development of NextCure Platform Improvement Technology, unless specifically authorized by a provision in this Agreement.

(f) **Designation of Co-Development Product**. Upon successful completion of a Research Plan, or as the Parties may otherwise mutually agree after due discussion at the JSC, the Parties may designate a Research Product as a Co-Development Product in the JSC meeting in accordance with Section 2.2 if they jointly conclude that, based upon the data and results generated under the Research Plan, it would be commercially reasonable to pursue Development of a particular Research Product.

(g) **Early Termination of Research Plan**. In the event the activities under a Research Plan are terminated by the JSC for any reason, the applicable Research Program Target shall be deemed to be a Terminated Target and the applicable Research Program would become a Terminated Research Program.

3.5 Research Program Expenses.

(a) **LCB Research Expenses**. LCB shall be responsible for costs associated with activities assigned to LCB as outlined in the Research Plan. LCB shall use Commercially Reasonable Efforts to complete the activities assigned to it under each such Research Plan.

(b) **NextCure Research Expenses**. NextCure shall be responsible for costs associated with activities assigned to NextCure as outlined in the Research Plan. NextCure shall use Commercially Reasonable Efforts to complete the activities assigned to it under each such Research Plan.

3.6 Materials Transfer. In order to facilitate the activities contemplated under the Research Program, including any Research Plan, either Party may provide to the other Party certain biological materials or chemical compounds Controlled by the supplying Party (collectively, "Materials") for use by the other Party in furtherance of the Research Program. Except as otherwise provided for under this Agreement, all such Materials with the exception of Test Materials delivered to the other Party will remain the sole property of the supplying Party. The Test Materials shall be jointly owned by the Parties. All Materials will be used only in furtherance of the activities conducted in accordance with the Research Program, will not be used or delivered to or for the benefit of any Third Party (except for Subcontractors in furtherance of the Research Program), without the prior written consent of the other Party (in the case of the Test Materials) or the supplying Party (in the case of all other Materials), and will be used in compliance with Applicable Law. All Materials supplied under this Agreement must be used with prudence and appropriate caution in any experimental work because not all of their characteristics may be known. The supplying Party will provide the other Party the most current material safety data sheet for the Materials upon transfer of any Materials. Except as expressly set forth in this Agreement, THE MATERIALS ARE PROVIDED "AS IS" AND WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY

PARTICULAR PURPOSE OR ANY WARRANTY THAT THE USE OF THE MATERIALS WILL NOT INFRINGE OR VIOLATE ANY PATENT OR OTHER PROPRIETARY RIGHTS OF ANY THIRD PARTY. Notwithstanding the foregoing, the Materials supplied by either Party shall comply with the technical specifications and quality standards mutually agreed by the Parties or standards representing industry norm. Materials supplied under the Agreement shall be supplied in accordance with the Research Plan and any agreed supply schedule.

ARTICLE 4
Co-Development

4.1 Co-Development Plan. Upon designation of Co-Development Product in accordance with Section 3.4(f), both Parties shall jointly discuss and agree to a Co-Development Plan for each Research Program on a 50:50 cost-sharing basis. The cost-sharing would begin from the designation of a Co-Development Product.

4.2 Development Activities and Cost. As set forth in the Co-Development Plan for each Co-Development Program, NextCure shall perform activities related to the process development for manufacturing of CaaX-tagged Antibody to be conjugated using LCB Technology. Both parties will share on a 50:50 basis all development costs, including but not limited to costs for pre-clinical activities, CMC work including raw materials, cGMP manufacturing, QA/QC, stability studies, consultant costs, legal and regulatory expenses, and other external costs directly related to the CMC activities required to support the Development Program, GLP toxicology studies, IND filing, clinical and commercial development as part of the Co-Development Plan. These activities will be coordinated by the JSC and JDT, provided that NextCure will lead the IND submission and clinical trials and LCB will lead the CMC/manufacturing for ADC drug product and drug substance except for the Antibody intermediate manufacturing. For each Co-Development Product a Co-Development Budget should be generated among Parties to set forth the anticipated expenses associated with the Co-Development Plan.

4.3 Cost Distribution Mechanism. The Parties shall calculate and notify each other of the Co-Development Costs as soon as reasonably practicable following the Designation of Co-Development Product in accordance with Section 3.4(f) and thereafter on a continuing basis throughout the Phase 1 Trials. LCB shall provide an itemised breakdown of the Co-Development Costs related to CMC/manufacturing for ADC drug product and drug substance except for the Antibody drug substance manufacturing and shall provide a quarterly invoice to NextCure for 50% of LCB's Development Costs, and NextCure shall provide an itemised breakdown of the development costs related to Antibody drug substance manufacturing, GLP toxicology studies and Phase 1 Trials and shall provide a quarterly invoice to LCB for 50% of NextCure's

Development Costs. The Parties shall offset the two quarterly invoices against one another such that the only the Party receiving the invoice with the higher amount due for that quarter shall make a payment to the other Party, paying the net balance due (after offsetting) to the other Party within 30 days of receipt the invoices. Such costs under this Section 4.3 shall be determined using a pre-agreed FTE Rate by the Parties as set forth in the respective Co-Development Budget, which FTE Rate will be revisited and revised by the Parties annually.

4.4 Combination Product. The Parties may jointly decide to incorporate the Co-Development Product into a Combination Product through the JSC, in which case the development of such Combination Product would be added to the respective Co-Development Plan and Co-Development Budget and would be jointly funded by the Parties. However, the JSC may alternatively decide to allow a Combination Product to be developed by one Party outside of the Co-Development Plan (provided the Party seeking to perform the combination has control or has sought the necessary licenses to perform the combination), and such developing Party in such cases would develop the Combination Product at such Party's own expense. The other Party, to the extent it remains active in the Co-Development Plan, in such cases would retain a financial interest in subsequent profits of the Combination Product based on the formula P=A*(B/(B+C)), where P is the proportion of gross profits from the Combination Product that are shareable under this subsection, A is the gross profits from the Combination Product, B is the market price per unit of the incorporated Co-Development Product (where each Party owns 50%) when sold alone, and where C is market price per unit of the combination agent when sold alone. In this case, any profit payments P actually received in association with the combination product shall thereafter be divided equally between the Parties. Notwithstanding the above, the Party seeking to perform the combination shall seek the approval from the other Party to develop the Combination Product, such approval not to be unreasonably withheld.

4.5 Dispute Resolution for Development Cost. If there is any dispute regarding the calculation or distribution of the Development Cost, Parties shall first submit the issue to the JSC to resolve in good faith. If the Parties fail to reach amicable solution in the JSC, Parties shall provide to other Parties with the actual detailed accounting records of expenditure related to this Agreement. Based on such accounting records, Parties shall finalize the expenditure upon mutual consent and adjust the expenditure according to the agreed-upon rate. If Parties fail to reach a mutual consent, upon the written request of a dissenting Party, other Parties shall permit an independent certified public accounting firm of national recognized standing selected by the dissenting Party and reasonably acceptable to the other Parties, at the dissenting Party's expense, to have access during normal business hours to review the records of the other Parties as may be reasonably necessary to verify the accuracy of the accounting records provided hereunder. The accounting firm shall disclose to Parties whether the accounting records are correct or incorrect and the amount of any discrepancy. If such accounting firm correctly identifies a discrepancy made during such period, the appropriate Party shall pay the other Party the amount of the discrepancy

within thirty (30) days of the date all the Parties have received such accounting firm's written report. The fees charged by such accounting firm shall be first paid by the dissenting Party as provided above; however, if such audit uncovers a discrepancy in the accounting records for more than five percent (5%) of the total costs, then the fees of such accounting firm shall be paid by the Party with such discrepancy.

4.6 Manufacturing and Supply

(a) LCB and NextCure will be jointly responsible for the manufacture of Co-Development Product, provided that, subject to the cost sharing set forth under Section 4.2, (i) NextCure will be solely responsible for producing unconjugated Antibody drug substance for the Co-Development Product, and (ii) LCB will be solely responsible for producing linker-payload, FTase enzyme, and isoprenoid (the "**LCB Common Components**").

(b) Any costs assessed by LCB and NextCure to provide drug substance of LCB Common Components and Antibody drug substance respectively shall be calculated based on one hundred percent (100%) of its fully burdened manufacturing cost (without any markup) in accordance with Co-Development Budget to be determined in the JSC. To the extent relevant for a given Party, each Party shall provide the other Party with rolling and updated estimates of its fully burdened costs, including FTE Rates and third-party expenses that are being applied, on no less frequent than a quarterly basis.

4.7 Manufacturing Agreements. LCB and NextCure, through the JSC, shall select a contract development and manufacturing organization ("**CDMO**") for manufacturing of the Co-Development Product. Notwithstanding the foregoing, the Parties shall provide documents or other information that the Parties have created or processes that are necessary to support manufacturing or testing of Co-Development Product and also provide technology transfer assistance and supply of any materials needed for sample production for IND-enabling studies to a CDMO for completion of GMP production for Co-Development Product for subsequent clinical trials.

4.8 Quality Agreements. Both Parties shall discuss, review and negotiate in good faith each Quality Agreement generated one Party that conducts Manufacturing or between one Party and corresponding Third-Party CDMO/CRO for materials subject to each Quality Agreement including Antibody and ADC drugs in accordance with Section 4.2. One Party shall not unreasonably object to the contracting Party to enter into such Quality Agreement with a Third-Party manufacturer.

4.9 Pharmacovigilance Agreement. Parties shall negotiate in good faith and enter into a Pharmacovigilance Agreement no later than sixty (60) days before starting a Phase I trial within the Territory. The Pharmacovigilance Agreement shall contain such terms as are reasonable and customary for arrangements of this type and shall in all events include such terms as are necessary

to ensure that both Parties are able to comply with applicable Laws pertaining to adverse events and safety reporting related to any Co-Development Products and Co-Commercialization Products and provide that there shall be one global safety database maintained by NextCure or its designee and accessible to both Parties. The JSC shall determine standard operating procedures by which the Parties shall have access to such global safety database.

ARTICLE 5
Commercialization

5.1 Commercialization Agreement. No later than sixty (60) days prior to the commencement of any pivotal clinical trial for a Co-Development Product, the Parties shall negotiate in good faith and enter into a commercialization agreement consistent with the provisions of Articles 5 and 7 and setting forth the mechanics under which the Parties shall share on a 50:50 basis all commercial gross profits (calculated as net sales less costs of goods) from commercialization of any resulting Co-Commercialization Product and all Sublicensing Revenue ("Commercialization Agreement"). The Parties through JSC shall discuss detailed activities undertaken relating to the marketing, promotion, sales, distribution and division of responsibilities as described in Section 5.

5.2 Commercialization Plan and Budget. NextCure and LCB shall jointly prepare an initial Global Brand Plan for each Product not later than one (1) year prior to the anticipated Regulatory Approval of the applicable Co-Development Product in the Territory. For each Co-Development Product, NextCure and LCB shall prepare an initial draft Commercialization Plan, Commercialization Budget and Access and Pricing Plan not later than one (1) year prior to the anticipated Regulatory Approval of the applicable Co-Development Product in the Territory. Thereafter, the Parties will continue to discuss and refine such initial draft Commercialization Plan, Commercialization Budget and Access and Pricing Plan. Thereafter, the Global Brand Plan, Commercialization Plan, Commercialization Budget and Access and Pricing Plan for each Co-Development Product will be updated annually and submitted to the JSC for approval.

5.3 Commercial Lead. For each Co-Development Product, NextCure shall oversee and be responsible for commercialization activities (including sales, marketing, and access and reimbursement) with respect to all indications for such Product in the Territory (in such capacity, "Commercial Lead"). Except as expressly set forth herein, only the Commercial Lead (or the authorized person of the Commercial Lead) is authorized to sell Products in the Territory, and the Commercial Lead will have the sole right, in its discretion, to take orders for and return of, issue credits for, sell and book sales for Co-Development Products in the Territory. The non-Commercial Lead (LCB) will promptly forward to the Commercial Lead all orders for, and requests to order, Co-Development Products in the Territory.

5.4 Allocation of Commercial Responsibility. The JSC will allocate commercial activities (including pricing that is above the Applicable Retail Baseline Price, promotion, marketing access and reimbursement) to both NextCure and LCB on a Product-by-Product basis and activity-specific basis in accordance with the Commercialization Plan and this Article 5.

5.5 Training. The JSC will establish a process by which the Parties will review, comment on and approve training materials and programs and training of the Parties' marketing forces for commercialization of the Co-Development Products in the Territory will be conducted using only training materials and programs approved in accordance with such process.

5.6 Information Concerning Co-Development Products. Each Party will ensure that no claims or representations in respect of a Co-Development Product in the Territory of the characteristics thereof are made by or on behalf of it or its Affiliates (by marketing force members or otherwise) that have not been approved by either Party and neither Party will make any claim or representation in the Territory that does not represent an accurate summary or explanation of the labelling of such Co-Development Product. Notwithstanding the foregoing, either Party shall be permitted to engage in scientific exchange with respect to a Co-Development Product in the Territory**.**

5.7 Promotional Materials. Both the Parties will review, comment on, and approve all written sales promotion and advertising materials relating to a Co-Development Product for use in the Territory, and other media and materials used to promote the Co-Development Products or educate the public regarding and indication treated with a Co-Development Product in the Territory. Both Parties shall together prepare, review such promotional and advertising materials based on a process established by the JSC.

5.8 Sales Force and Other Personnel Audit. Both Parties will permit access to each other on records of Sales Force Costs and Other Personnel Costs and activities maintained by NextCure and LCB, and permit the other Party to audit such records, provided that such audits may not be performed by either Party more than once per calendar year and will be at the cost of the Party requesting such audit. However, if an audit reveals an overstatement of Sales Force Costs or Other Personnel Costs of greater than five percent (5%) of the correct amount for the audited period, then the audited Party will pay the reasonable out-of-pocket cost of such inspection and audit.

5.9 Commercial Reporting. Both LCB and NextCure shall provide twice annual reports, in the form set forth in the Sales Force and Other Personnel Schedule and conduct an annual in-person review by each other company's Head of Commercial to discuss Sales Force and Other Personnel efforts and coordinate Sales Force and Other Personnel efforts in the Territory with global sales efforts. Notwithstanding the foregoing, the Parties may, by mutual

written agreement, modify the timing, frequency or required content of the reports contemplated by this Section 5.

5.10 Records; Audit Right. LCB and NextCure will maintain complete and accurate records of its Sales Force Costs and other Commercialization and Related Costs and activities related to the Co-Development Products in the CRM (customer relationship management) system and in a suitable enterprise reporting package (ERP) in order to permit both companies to audit each other's Sales Force Costs and other Commercialization and Related Costs and activities related to Co-Development Products.

5.11 Calculation of Sales Force Costs and Other Personnel Costs. Sales Force Costs and other Commercialization and Related Costs arising from collaboration activities performed by LCB and NextCure or any of its Affiliates in the Territory will be determined pursuant to the approved Commercialization Plan and Commercialization Budget and by allocation of proportion of Sales Force and Other Personnel activities directed to Co-Development Products.

ARTICLE 6
LICENSES AND OBLIGATIONS DURING CO-DEVELOPMENT

6.1 Licenses After Designation of Co-Development Product. Immediately upon the designation of Co-Development Product for a Research Program Target in accordance with Section 3.4(f), the following licenses as to both Parties shall be deemed effective and shall supersede and extinguish the licenses granted under Section 3.2 with respect to such Research Product.

(a) **License to NextCure**. LCB hereby grants to NextCure, and NextCure hereby accepts, a co-exclusive license (with LCB, which retains rights subject to Section 6.2), with the right to grant sublicenses to Affiliates and Third Parties (subject to Section 6.2), through multiple tiers, under the LCB Technology, to Exploit the Co-Development Products in the Field in the Territory (the "NextCure License").

(b) **License to LCB.** NextCure hereby grants to LCB, and LCB hereby accepts, a co-exclusive license (with NextCure, which retains rights subject to Section 6.2), with the right to grant sublicenses to Affiliates and Third Parties (subject to Section 6.2), through multiple tiers, under the NextCure Technology, to Exploit the Co-Development Products in the Field in the Territory (the "LCB License").

(c) **Subcontracting**. The Parties will have the right to engage Subcontractors to exercise its rights or perform its obligations under this Agreement (which includes the right to grant limited Sublicenses to such Subcontractors to the extent reasonably necessary for such Subcontractors to perform their approved duties and tasks), including any activities set forth in

the Co-Development Plan; provided that any such Subcontractor is required to comply with the terms of this Agreement that are applicable to such Subcontractor and quality and regulatory standards in the any relevant markets or jurisdictions and, in the case of a CMO, the Parties will discuss in the JDT about a potential CMO to be engaged by each Party.

(d) **No Implied Licenses**. No license or other right is or shall be created or granted under this Agreement after the designation of Co-Development Product by implication, estoppel, or otherwise. All licenses and rights after the effective date of the designation of Co-Development Product and during the remainder of the Term are or shall be granted only as expressly provided in this Agreement. All rights not expressly granted by a Party under this Agreement are reserved by such Party and may not be used by the other Party for any purpose.

6.2 Exclusivity.

(a) Exclusivity Covenant. Upon the Parties designation of Co-Development Product, the Parties shall continue to collaborate exclusively in the Field and with respect to the Co-Development Targets with the other Party, for the remainder of the Term and for as long as the Parties, either by themselves or through Affiliates and/or sublicensees, is Developing or Exploiting a Co-Development Product Directed to a Co-Development Target in the Field in the Territory. For purposes of this Section 6.2, "collaborate exclusively" means that the Parties shall not, either directly or indirectly, itself or through its collaborators, partners or contractors, Exploit ADC products Directed to any Co-Development Targets in the Field in Territory. All exclusivity obligations hereunder are terminated when either a Research Program Target or a Co-Development Target becomes a Terminated Target.

(b) Acquisition by Third Parties. If a Party undergoes a change of control (whether such transaction occurs by way of a sale of assets, merger, consolidation, or similar transaction) with a Third Party that is (either directly or through an Affiliate, or in collaboration with a Third Party) performing competitive activities, including with respect to one or more Competitive Products (i.e. other ADCs against Research Target or Co-Development Target), in the Territory at the closing of such change of control transaction, such Party will not be in breach of the restrictions set forth in Section 6.2(a) due to such change of control with such Third Party and such Third Party may continue to perform the applicable competitive activities, including with respect to such Competitive Products, after such change of control transaction; as long as (i) no Research Program Technology, LCB Technology, NextCure Technology, or the other Party's Confidential Information is used by or on behalf of such Party or its Affiliates in connection with any Exploitation of the Competitive Product except unaided retained knowledge of the personnel involved in such activities without reference to such Intellectual Property Rights or Confidential Information; and (ii) such Party and its Affiliates institutes commercially reasonable technical and administrative safeguards to ensure the requirements set forth in the foregoing clause (i) are met, including by creating "firewalls" between the personnel

working on such Competitive Products and the personnel working on any Research Products or Co-Development Products or having access to data from activities performed under this Agreement or Confidential Information of the other Party. Each Party shall be responsible for its, its Affiliates' (including in the case of the Party undergoing the change of control, the acquirer and its affiliates) and their personnel's compliance with this Section 6.2(b).

(c) Acquisition of Third Parties. If a Party or any of its Affiliates merges or consolidates with, or otherwise acquires a Third Party (whether such transaction occurs by way of a sale of assets, merger, consolidation, or similar transaction) and at such time such Third Party is performing competitive activities with respect to one or more Competitive Products, or is engaged in activities that would otherwise constitute a breach of Section 6.2(a) (Exclusivity Covenant), then, unless the Parties agree otherwise in writing, such Party will not be in breach of Section 6.2(a) and the Party or any of its Affiliates may continue to perform the applicable Competitive Activities, if it does one of following within 12 months following such acquisition: (i) divest, or cause its relevant Affiliates to divest, whether by sale, assignment, exclusive license or otherwise, its interest in such Competitive Products; (ii) terminate any further Competitive Activities with respect to such Competitive Products. If such Party selects either option (i) or (ii) above, then until the divestiture or termination is complete, it will ensure that (A) no Research Program Technology, LCB Technology, or NextCure Technology or the other Party's Confidential Information is used by or on behalf of such Party or its Affiliates in connection with any Exploitation of the Competitive Product except unaided retained knowledge of the personnel involved in such activities without reference to such Intellectual Property Rights or Confidential Information, and (B) such Party and its Affiliates institutes commercially reasonable technical and administrative safeguards to ensure the requirements set forth in the foregoing clause (A) are met, including by creating "firewalls" between the personnel working on such Competitive Products and the personnel working on any Research Product or Co-Development Product or having access to data from activities performed under this Agreement or Confidential Information of the other Party. Each Party shall be responsible for its, its Affiliates' and their personnel's compliance with this Section 6.2(c).

ARTICLE 7
Consideration

7.1 Target Exclusivity Fee. NextCure shall make a payment [***] within 30 days upon execution of this Agreement for the development of First Research Program during the Term of the Agreement. The Target Exclusivity Fee will be reinvested by LCB at the beginning of the Co-Development as a credit that would be applied in LCB's favor toward any quarterly Co-Development invoices that would be generated by the Parties until the credit is exhausted. For additional Research Targets nominated by the Parties in accordance with Section 3.3, NextCure

shall pay a Target Exclusivity Fee to LCB for each additional Research Program and the Target Exclusivity Fee will be reinvested by LCB and applied as an invoice credit in similar fashion. In the event that LCB decides to terminate the Co-Development Plan and/or co-commercialization on a Co-Development Product before the credit for the Target Exclusivity Fee paid by NextCure has been fully exhausted, LCB shall reimburse the remaining credit amount to NextCure within 30 days of termination. However, if both Parties jointly decide, or if NextCure alone decides, to terminate the Co-Development Plan and/or co-commercialization on a Co-Development Product, the Target Exclusivity Fee shall not be reimbursable.

7.2 Sublicensing and Revenue Sharing.

(a) If either Party terminates the Agreement or Co-Development and Co-Commercialization on a Product per Product basis, the Developing Party shall pay development and commercial milestone and royalty payments to the Terminating Party for each Co-Development Product including the B7-H4 ADC Program as specified in Exhibit B and the Developing Party shall take the lead and shall have the right to sublicense to a Third Party. In the event that both Parties do not continue Co-Development and Co-Commercialization for any Co-Development Product, both Parties shall have the right to Sublicense such Co-Development Product to a Third Party. The Parties shall decide through JSC which Party shall take a lead in such sublicensing discussions and sublicensing shall be subject to the provisions set forth in Section 7.2(b).

(b) Solely in the event that both Parties are both no longer engaged in Co-Development or Co-Commercialization of a respective Co-Development Product, the Parties shall pay to each other the percentage of all Sublicense Revenues as set out below based on the Sublicence Revenue sums one Party actually receives in connection with any Sublicence or any assignment of rights to such Co-Development Product. The sublicensing Party shall pay to the other Party its share of Sublicense Revenues within 30 days after receipt of payment by sublicensing Party from the Sublicensee.

	NextCure	**LCB**
All Sublicense Revenues with respect to a Co-Development Product	50%	50%

(c) In the event that a Party granted authority by the JSC under Section 7.2(a) to lead sublicensing discussions proposes to grant a Sublicense of Co-Development Product in the Field in accord with subsections (a) and (b) above, such Party shall:

(1) notify the other Party of the existence of such Sublicense discussion with financial terms in advance of signing such Sublicence agreements, decide on the Party

who would be responsible for leading sublicensing discussions and obtain a written approval from the other Party;

(2) negotiate suitable equivalent obligations on the Sublicensee as have been placed under the terms of this Agreement, including an obligation to use Commercially Reasonable Efforts and to undertake them to equivalent obligations to develop and Commercialise the Co-Development Product;

(3) share an unredacted copy of such Sublicence term sheets and draft agreements with the other Party, and within thirty (30) days after execution, provide a copy of each Sublicence to the other Party.

(d) The Parties acknowledges that the grant of any Sublicense under any provision of this Agreement shall not relieve the Parties of its obligations under this Agreement, except to the extent they are satisfactorily performed by any such Sublicensee and will remain responsible for any work allocated to a Subcontractor to the same extent as if it had done such work itself.

(e) The Parties shall procure that any Sublicense shall terminate upon the termination of this Agreement.

7.3 Taxes.

(a) **Cooperation and Coordination**. The Parties acknowledge and agree that it is their mutual objective and intent to appropriately calculate, to the extent feasible and legal, taxes payable with respect to their collaborative efforts under this Agreement and that they shall use all commercially reasonable efforts to cooperate and coordinate with each other to achieve such objective. Each Party shall provide the other Party with reasonable assistance to enable the elimination, reduction or recovery, as permitted by Applicable Law, of withholding taxes, value added taxes or similar taxes, resulting from payments made under this Agreement, such elimination, reduction or recovery (as applicable) to be for the benefit of the Party bearing the economic burden of such withholding tax, value added tax or similar tax.

(b) **VAT**. Unless otherwise stated, any consideration payable under this Agreement shall be exclusive of value added tax, sales tax or any similar tax ("VAT"). If a Party makes a supply pursuant to this Agreement, and VAT is payable on that supply, the consideration for the supply (VAT exclusive consideration) is increased by an amount equal to the VAT exclusive consideration multiplied by the rate of VAT prevailing at the time the supply is made (additional VAT amount). VAT (if any) will become due and payable upon presentation of a valid VAT invoice (or, where there is no provision in the legislation for the jurisdiction

concerned that a VAT invoice is required to be issued, a written demand containing such information as is customary in that jurisdiction).

(c) **Withholding Taxes**. If Applicable Law requires that taxes be deducted and withheld from a payment made pursuant to this Section 7, the remitting Party shall: (1) deduct those taxes from the payment for the account of the other Party; (2) timely pay the taxes to the proper taxing authority; and (3) promptly following that payment send to the other Party evidence of the obligation, together with an official tax receipt or other proof of payment sufficient to enable the other Party to claim such payment of taxes. To the extent that a Party making a payment to the other Party determines that a withholding tax will apply to a payment, such remitting Party shall inform the other Party of such withholding tax promptly after making this determination in advance of the payment being made to allow the Parties to cooperate timely and in good faith to eliminate or reduce such withholding, to the extent reasonably feasible, in advance of such payment being made.

(d) **Tax Residence Certificate**. A Party receiving a payment pursuant to this Section 6 shall provide the remitting Party appropriate certification required by Applicable Law that such Party is a tax resident of that jurisdiction, if such receiving Party wishes to claim the benefits of an income tax treaty to which that jurisdiction is a party. Upon the receipt thereof, any deduction and withholding of taxes shall be made at the appropriate treaty tax rate.

(e) **Assessment**. Either Party may, at its own expense, protest any assessment, proposed assessment, or other claim by any Governmental Authority for any additional amount of taxes, interest or penalties or seek a refund of such amounts paid if permitted to do so by Applicable Law. The Parties shall reasonably cooperate with each other in any protest by providing records and such additional information as may reasonably be necessary for a Party to pursue such protest.

7.4 Audit. The Parties shall maintain complete and accurate records in sufficient detail to permit the other Party to confirm the accuracy of the payments under this Agreement. Upon reasonable prior notice, but not more than once per Calendar Year, such records shall be available during regular business hours for a period of three (3) years from the end of the Calendar Year to which they pertain for examination at the expense of requesting Party by an independent certified public accountant selected by the requesting Party and reasonably acceptable to the other Party, for the sole purpose of verifying the accuracy of the financial reports and correctness of the payments furnished pursuant to this Agreement. In case the accountant identifies amounts owed but unpaid, and in case this is not explained and disproven by the other Party's records and accountants within 15 days, any such amounts identified to be owed but unpaid shall be paid within forty-five (45) days from the accountant's report. Any amounts shown to have been overpaid shall be refunded within thirty (30) days from the accountant's report. Requesting Party shall bear the full cost of such audit unless such audit

discloses an underpayment of more than five percent (5%) of the amount due, in which case the audited Party shall bear the cost of such audit. The audit rights in this Section 6.4 shall survive the Term for two (2) years.

7.5 Late Payment. All payments due to a Party hereunder shall be made in U.S. Dollars by wire transfer of immediately available funds into an account designated by the receiving Party. If a Party does not receive payment of any sum due to it on or before the due date, simple interest shall thereafter accrue on the sum due to such Party until the date of payment at the per annum rate of two percent (2%) over the then-current prime rate quoted by Citibank in New York City or the maximum rate allowable by Applicable Law, whichever is lower.

7.6 Currencies. All calculations and invoices under this Agreement shall be made in U.S. Dollars, and when conversion of amounts to and/or from any other currency is required, such conversion shall be calculated using an exchange rate equal to the rate of exchange published in the Wall Street Journal on the last business day of the applicable calendar quarter for which the invoice is made and/or for which the payment is due (as applicable).

ARTICLE 8
INTELLECTUAL PROPERTY MATTERS

8.1 Ownership of Inventions. Inventorship of Research Program Technology, LCB Platform Improvement Technology, NextCure Platform Improvement Technology and any other Inventions shall be determined in accordance with applicable patent laws. Ownership of Research Program Technology, LCB Platform Improvement Technology, and NextCure Platform Improvement Technology, irrespective of inventorship, as between LCB and NextCure shall be as follows:

(a) **LCB Platform Improvement Technology**. Subject to any licenses granted by LCB in this Agreement, LCB shall own and retain all right, title and interest in and to LCB Platform Improvement Technology, including but not limited to any LCB Platform Improvement Technology generated or arising from the Research Program. For the avoidance of doubt, LCB Platform Improvement Technology shall not include any NextCure Technology or Research Program Technology. NextCure hereby assigns all right and title in and to such LCB Platform Improvement Technology to LCB.

(b) **NextCure Platform Improvement Technology**. Subject to any licenses granted by NextCure in this Agreement, NextCure shall own and retain all right, title, and interest in and to NextCure Platform Improvement Technology, including but not limited to any NextCure Platform Improvement Technology generated or arising from the Research Program.

For the avoidance of doubt, NextCure Platform Improvement Technology shall not include any LCB Technology or Research Program Technology. LCB hereby assigns all right and title in and to such NextCure Platform Improvement Technology to NextCure.

(c) **Research Program Technology**. The Parties shall jointly own and retain the right, title and interest in and to any Inventions, Patents and Know-How pertaining to (i) a Research Product and/or a Co-Development Product invented during the conduct of a Research Program by LCB (including its Affiliates and/or Subcontractors) and/or by NextCure (including its Affiliates and/or Subcontractors), (ii) the manufacture of a Co-Development Product invented during the conduct of a Research Program or Co-Development Plan by LCB and/or by NextCure (including by their respective Affiliates and/or Subcontractors), and (iii) a Research Program Target to the extent jointly invented during the conduct of a Research Program by both LCB and NextCure (including by their respective Affiliates and/or Subcontractors) (collectively, the "**Research Program Technology**"). The preceding shall include the right to file applications for Research Program Patents pertaining to the Research Program Technology, and further including but not limited to any Research Program Patents that claim substance of matter of a Co-Development Product. Research Program Patents will be co-owned and filed in the names of both NextCure and LCB as joint applicants. For the avoidance of doubt, the Research Program Technology shall not include any LCB Platform Improvement Technology or NextCure Platform Improvement Technology.

(d) **Other Inventions**. Subject to Sections 8.1(a) through 8.1(c) above, ownership of any other Invention shall follow inventorship.

8.2 Disclosure and Assignment. Each Party will promptly disclose to the other Party any LCB Platform Improvement Technology, NextCure Platform Improvement Technology, Research Program Technology or Joint IP developed, created, conceived, or reduced to practice by or on behalf of such Party during the Term. Each Party will obligate any of its employees, Sublicensees, and Third Party contractors to assign all LCB Platform Improvement Technology or NextCure Platform Improvement Technology, Research Program Technology and Research Program Patents to such Party so that each Party can comply with its obligations under the Section 8.1, and each Party will promptly obtain such assignment.

8.3 Prosecution of Patents.

(a) **Platform Improvement Patents**. LCB shall have the sole right and authority to prepare, file, prosecute and maintain the LCB Platform Improvement Patents on a worldwide basis at LCB's expense. NextCure shall have the sole right and authority to prepare, file, prosecute and maintain the NextCure Platform Improvement Patents on a worldwide basis at NextCure's expense.

(b) **Research Program Patents**. The filing, prosecution, maintenance, enforcement, and defense of Research Program Patents shall be at the discretion, shared cost and shared responsibility of both NextCure and LCB, through the use of counsel selected by NextCure reasonably acceptable to LCB. NextCure shall keep LCB informed regarding the filing, prosecution, maintenance, defense, and enforcement of the Research Program Patents, including by providing LCB with a copy of any material communications to and from any relevant authority and by providing LCB drafts of any material submissions or responses to be made to such authorities sufficiently in advance of submitting such submissions or responses so as to allow for a reasonable opportunity for LCB to review and comment thereon. NextCure shall consider in good faith the requests and suggestions of LCB with respect to such drafts and with respect to strategies for filing, prosecuting, enforcing and defending such Research Program Patents. In the event if one of the Parties opts out of the Co-Development and Co-Commercialization, the Developing Party shall lead the filing, prosecuting, enforcing, and defending such Research Program Patents and will deduct the cost associated with such efforts from the milestone and royalty payments to be paid to the Terminating Party. The Terminating Party shall not unduly delay in providing responses to the lead Party to file, prosecute, enforce and defend such a Research Program Patent.

8.4 Cooperation in Prosecution. Each Party shall provide the other Party all reasonable assistance and cooperation in the Patent prosecution and validation efforts provided above and in this Section 8.4, including providing any necessary powers of attorney, assignments and executing any other required documents or instruments for such prosecution, as well as further actions as set forth below. Such assistance and cooperation shall include making a Party's inventors and other scientific advisors reasonably available to assist the other Party's Patent preparation, filing, prosecution and maintenance efforts.

8.5 Infringement of Patents by Third Parties.

(a) **Notification**. Each Party shall promptly notify the other Party in writing if it becomes aware of an infringement of any LCB Patent, Research Program Patent or NextCure Patent, and shall provide all information in such Party's possession or control demonstrating such infringement.

(b) **Infringement of a LCB Patent**. For any and all infringement of any LCB Patent by a product competing with a Co-Development Product, LCB shall have the sole and exclusive right, but not the obligation, to bring, at LCB's expense and in its sole control, an appropriate suit or other action against any person or entity engaged in such infringement of such LCB Patent and to retain one hundred percent (100%) of any recovery in connection with such suit or other action (after reimbursing NextCure for its expenses (if any) in connection with its assistance provided by NextCure). Without limiting the foregoing, LCB shall keep NextCure reasonably informed of such infringement action to the extent such action may

reasonably be expected to impact the scope of LCB's Patents as they relate to any Research Product or Co-Development Product.

(c) **Infringement of a NextCure Patent**. For any and all infringement of any NextCure Patent by a product competing with a Co-Development Product, NextCure shall have the sole and exclusive right, but not the obligation, to bring, at NextCure's expense and in its sole control, an appropriate suit or other action against any person or entity engaged in such infringement of such NextCure Patent and to retain one hundred percent (100%) of any recovery in connection with such suit or other action (after reimbursing LCB for its expenses (if any) in connection with its assistance provided by LCB). Without limiting the foregoing, NextCure shall keep LCB reasonably informed of such infringement action to the extent such action may reasonably be expected to impact the scope of NextCure's Patents as they relate to any Research Product or Co-Development Product.

(d) **Infringement of a Research Program Patent**. For any and all infringement of any Research Program Patent, each Party shall have the first right, but not the obligation, to bring, at its expense and in its sole control, an appropriate suit or other action against any person or entity engaged in such infringement of such Research Program Patent and to retain one hundred percent (100%) of any recovery in connection with such suit or other action (after reimbursing the other Party for its expenses (if any) in connection with its assistance provided by the other Party). The Parties shall decide in good faith which Party shall bring such suit. Without limiting the foregoing, the Party shall keep the other Party reasonably informed of such infringement action to the extent such action may reasonably be expected to impact the scope of the other Party's portion of Research Program Patents as they relate to any Research Product or Co-Development Product.

8.6 Infringement of Third Party Rights in the Territory.

(a) **Notice**. If any Co-Development Product becomes the subject of a Third Party's claim or assertion of infringement of a Patent granted by a jurisdiction within the Territory, the Party first having notice of the claim or assertion shall promptly notify the other Party.

(b) **Defense; Settlement; Licenses**. Each Party shall have the right, but not the obligation, to defend or enter into any settlement of any such Third Party claim or assertion of infringement of a Patent as described in Section 8.6(a) above, at its expense. The Parties shall decide in good faith which Party shall defend or enter into such settlement. The other Party shall reasonably cooperate with such Party conducting the defense of the claim or assertion, including if required to conduct such defense, furnishing a power of attorney.

ARTICLE 9
REPRESENTATIONS AND WARRANTIES

9.1 Mutual Representations, Warranties and Covenants. Each of the Parties hereby represents and warrants to the other Party as of the Effective Date and hereinafter, as set forth below, covenants that:

(a) **Organization.** It is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization, and has all requisite power and authority, corporate or otherwise, to execute, deliver, and perform this Agreement.

(b) **Binding Agreement.** This Agreement is a legal and valid obligation binding upon such Party and enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, or other laws of general application affecting the enforcement of creditor rights, judicial principles affecting the availability of specific performance, and general principles of equity (whether enforceability is considered a proceeding at law or equity).

(c) **Authorization.** The execution, delivery, and performance of this Agreement by such Party have been duly authorized by all necessary corporate action and do not conflict with any agreement, instrument, or understanding, oral or written, to which it is a party or by which it is bound, nor violate any Applicable Law or any order, writ, judgment, injunction, decree, determination, or award of any court or governmental body, or administrative or other agency presently in effect applicable to such Party.

(d) **No Further Approval.** It is not aware of any government authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, under any Applicable Law, currently in effect, necessary for, or in connection with, the transactions contemplated by this Agreement or any other agreement or instrument executed in connection herewith, or for the performance by it of its obligations under this Agreement and such other agreements (save for Regulatory Approvals and similar authorizations from Governmental Authorities necessary for the Exploitation of the LCB Technology as contemplated hereunder).

(e) **No Inconsistent Obligations.** Neither Party is under any obligation, contractual or otherwise, to any Person or other entity that conflicts with or is inconsistent in any material respect with the terms of this Agreement, or that would impede the diligent and complete fulfillment of its obligations hereunder.

(f) **No Debarment.** Neither Party nor any of its respective Affiliates has been debarred by the FDA, is subject to any similar sanction of other Governmental Authorities in the Territory, and, to its Knowledge, neither Party nor any of its respective Affiliates has used, is using, or will engage, in any capacity, in connection with this Agreement or any ancillary

agreements (if any), any Person who either has been debarred by such a Regulatory Authority, or is the subject of a conviction described in Section 306 of the FFDCA. Each Party shall inform the other Party in writing promptly if it or any Person engaged by it or any of its Affiliates who is performing services under this Agreement or any ancillary agreements (if any) is debarred or is the subject of a conviction described in Section 306 of the FFDCA, or if any action, suit, claim, investigation or legal or administrative proceeding is pending or, to such Party's Knowledge, is threatened, relating to the debarment or conviction of such Party, any of its Affiliates or any such Person performing services hereunder or thereunder.

(g) **Transparency Reporting**. Each Party shall be responsible for tracking and reporting transfers of value initiated and controlled by its and its Affiliates' employees, contractors, and agents pursuant to the requirements of the transparency or marketing reporting laws of any Governmental Authority in the Territory, including Section 6002 of the ACA, commonly referred to as the "Sunshine Act."

9.2 Additional Representations and Warranties of LCB. LCB represents and warrants as of the Effective Date and hereinafter, as set forth below, covenants to NextCure that:

(a) LCB has all rights necessary to grant the licenses under the LCB Technology and rights of cross-reference under Regulatory Materials, in each case, existing as of the Effective Date that it grants to NextCure in this Agreement.

(b) LCB is the sole and exclusive owner of the entire right, title and interest in the LCB Patents reasonably applicable to the Research Program Targets free of any encumbrance, lien, or claim of ownership by any Third Party.

(c) There is no actual, LCB has not received notice of and to LCB's Knowledge there is no threatened infringement or misappropriation of LCB Technology by any Person in the Territory as of the Effective Date.

9.3 Additional Representations and Warranties of NextCure. NextCure represents and warrants as of the Effective Date and hereinafter, as set forth below, covenants to LCB that:

(a) NextCure has all rights necessary to grant the licenses under the NextCure Technology and rights of cross-reference under Regulatory Materials, in each case, existing as of the Effective Date that it grants to LCB in this Agreement.

(b) NextCure is the sole and exclusive owner of the entire right, title and interest in the NextCure Patents reasonably applicable to the Research Program Targets free of any encumbrance, lien, or claim of ownership by any Third Party.

(c) There is no actual, NextCure has not received notice of and to NextCure's Knowledge there is no threatened infringement or misappropriation of NextCure Technology by any Person in the Territory as of the Effective Date.

9.4 No Other Representations or Warranties. EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE 9, THE PARTIES MAKE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EITHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, AND EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, INCLUDING ANY EXPRESS OR IMPLIED WARRANTY OF QUALITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR WARRANTY OF NON-INFRINGEMENT OR AS TO THE VALIDITY OF ANY PATENTS.

ARTICLE 10
Confidentiality

10.1 Nondisclosure. Each Party agrees that, during the Term and for a period of ten (10) years thereafter, a Party (the "Receiving Party") receiving Confidential Information of the other Party (the "Disclosing Party") shall (a) maintain in confidence such Confidential Information using not less than the efforts such Receiving Party uses to maintain in confidence its own confidential or proprietary Information of similar kind and value, (b) not disclose such Confidential Information to any Third Party without the prior written consent of the Disclosing Party, except for disclosures expressly permitted below, and (c) not use such Confidential Information for any purpose except those permitted by this Agreement (it being understood that this Section 9.1 shall not create or imply any rights or licenses not expressly granted under this Agreement). Notwithstanding anything to the contrary in the foregoing, the obligations of confidentiality and non-use with respect to any trade secret within such Confidential Information shall survive such ten (10) year period for so long as such Confidential Information remains protected as a trade secret under Applicable Law.

10.2 Exceptions. The obligations in Section 10.1 shall not apply with respect to any portion of the Confidential Information that the Receiving Party can show by competent written evidence:

(a) is publicly disclosed by the Disclosing Party, either before or after it is disclosed to the Receiving Party hereunder;

(b) is known to the Receiving Party or any of its Affiliates, without any obligation to keep it confidential or any restriction on its use, prior to disclosure by the Disclosing Party;

(c) is subsequently disclosed to the Receiving Party or any of its Affiliates on a non-confidential basis by a Third Party that, to the Receiving Party's Knowledge, is not bound by a similar duty of confidentiality or restriction on its use;

(d) is now, or hereafter becomes, through no act or failure to act on the part of the Receiving Party or any of its Affiliates, generally known or available, either before or after it is disclosed to the Receiving Party;

(e) is independently discovered or developed by or on behalf of the Receiving Party or any of its Affiliates without the use of Confidential Information belonging to the Disclosing Party; or

(f) is the subject of written permission to disclose provided by the Disclosing Party.

10.3 Authorized Disclosure. The Receiving Party may disclose Confidential Information belonging to the Disclosing Party only to the extent such disclosure is reasonably necessary in the following instances:

(a) filing or prosecuting Patents as permitted by this Agreement, provided that no Confidential Information that can be demonstrated as protected as a trade secret is disclosed;

(b) preparing and submitting Regulatory Materials and obtaining and maintaining Regulatory Approvals as permitted by this Agreement;

(c) prosecuting or defending litigation, including responding to a subpoena in a Third-Party litigation;

(d) complying with Applicable Law or court or administrative orders; or

(e) in communications with existing or bona fide prospective acquirers, merger partners, lenders or investors, and consultants and advisors of the Receiving Party in connection with transactions or bona fide prospective transactions with the foregoing, in each case on a "need-to-know" basis and under appropriate confidentiality provisions substantially similar to those of this Agreement; and

(f) to its Affiliates and Third Parties including but not limited to collaborators, sublicensees or prospective sublicensees, Subcontractors or prospective subcontractors, consultants, directors, agents and advisors on a "need-to-know" basis in order for the Receiving Party to exercise its rights or fulfill its obligations under this Agreement, each of whom prior to disclosure must be bound by obligations of confidentiality and restrictions on use of such Confidential Information that are substantially similar to those set forth in this Section 9;

provided, however, that, the Receiving Party shall remain responsible for any failure by any Person who receives Confidential Information pursuant to Section 10.3(e) or this Section 10.3(f) to treat such Confidential Information as required under this ARTICLE 10.

(g) If and whenever any Confidential Information is disclosed in accordance with this Section 9.3, such disclosure shall not cause any such information to cease to be Confidential Information except to the extent that such disclosure results in a public disclosure of such information (other than by breach of this Agreement). Notwithstanding the foregoing, in the event a Party is required to make a disclosure of the other Party's Confidential Information pursuant to clauses (a) through (e) of this Section 10.3, it will, except where impracticable, give reasonable advance notice to the other Party of such disclosure and use not less than the same efforts to secure confidential treatment of such information as it would to protect its own confidential information from disclosure.

10.4 Terms of this Agreement. The Parties acknowledge that this Agreement and all of the respective terms of this Agreement shall be treated as Confidential Information of both Parties subject to the provisions of Sections 10.3, 10.5 and 10.6.

10.5 Publicity. Each Party agrees not to issue any other press release or other public statement disclosing other information relating to this Agreement or the transactions contemplated hereby that contains information not previously publicly disclosed in accordance with this Section 10.5 without the prior written consent of the other Party.

10.6 Securities Filings. Notwithstanding anything to the contrary in this ARTICLE 10, in the event either Party proposes to file with the Securities and Exchange Commission or the securities regulators of any state or other jurisdiction a registration statement or any other disclosure document that describes or refers to the terms and conditions of this Agreement or any related agreements between the Parties, such Party shall notify the other Party of such intention and shall provide the other Party with a copy of relevant portions of the proposed filing at least ten (10) Business Days prior to such filing (and any revisions to such portions of the proposed filing a reasonable time prior to the filing thereof), including any exhibits thereto that refer to the other Party or the terms and conditions of this Agreement or any related Agreements between the Parties. The Party making such filing shall cooperate in good faith with the other Party to obtain confidential treatment of the terms and conditions of this Agreement or any related Agreements between the Parties that the other Party requests be kept confidential or otherwise afforded confidential treatment and shall only disclose Confidential Information that it is reasonably advised by outside counsel is legally required to be disclosed. No such notice shall be required if the description of or reference to this Agreement or a related agreement between the Parties contained in the proposed filing has been included in any previous filing made by the either Party in accordance with this Section 10.6 or otherwise approved by the other Party. The Party making such filing shall not disclose any financial terms

of the Agreement or any other related agreements without express written consent of the other Party.

10.7 Relationship to Confidentiality Agreement. This Agreement supersedes the Mutual Confidential Disclosure Agreement between the Parties, as amended, dated January 26, 2022; provided however, that all "Confidential Information" disclosed or received by the Parties and their Affiliates thereunder shall be deemed Confidential Information hereunder and shall be subject to the terms and conditions of this Agreement.

10.8 Equitable Relief. Given the nature of the Confidential Information and the competitive damage that could result to a Party upon unauthorized disclosure, use or transfer of its Confidential Information to any Third Party, the Parties agree that monetary damages may not be a sufficient remedy for any breach of this ARTICLE 10. In addition to all other remedies, a Party shall be entitled to seek specific performance and injunctive and other equitable relief as a remedy for any breach or threatened breach of this ARTICLE 10.

10.9 Publications. Each Party shall ensure that any and all intended publications or presentations to be made public, in case they include the other Party's Confidential Information, shall be subject to the approval of the other Party and shall be disclosed to the other Party for review at least thirty (30) Days prior to any submission or other public disclosure of such publication or presentation. If the other Party determines that the publication contains patentable subject matter, the publishing Party agrees to postpone publication or presentation of such Presentation for an additional sixty (60) Days to permit the filing of a patent application. If the other Party determines that the publication contains sensitive information, the publishing Party will take comments and suggestions of the other Party into consideration. In any case, each Party shall not publish any publications or presentations in respect of Co-Development Target or Co-Development Product without express written consent of the other Party.

ARTICLE 11
Term and Termination

11.1 Term. This Agreement shall become effective as of the Effective Date and, unless earlier terminated pursuant to this ARTICLE 11, shall continue in full force and effect as long as at least one of the Parties continues to Exploit the Products or Research Programs in accordance with the terms and conditions of this Agreement (the "Term").

11.2 Termination for Material Breach.

(a) Either Party (the "Non-Breaching Party") may terminate this Agreement in its entirety, and/or on a Co-Development Target-by-Co-Development Target basis, and/or on a country-by-country and/or Product-by-Product basis, in the event the other Party (the "Breaching Party") has materially breached this Agreement with respect to a Co-Development Target, and/or Product and/or country, and such material breach has not been cured within sixty (60) days after receipt of written notice of such breach by the Breaching Party from the Non-Breaching Party (the "Cure Period"). The written notice describing the alleged material breach shall provide sufficient detail to put the Breaching Party on notice of such material breach. Any termination of this Agreement pursuant to this Section 11.2(a) shall become effective at the end of the Cure Period, unless the Breaching Party has cured any such material breach prior to the expiration of such Cure Period, or, if such material breach is not susceptible to cure within the Cure Period, then, the Non-Breaching Party's right of termination shall be suspended only if and for so long as the Breaching Party has provided to the Non-Breaching Party a written plan that is reasonably calculated to effect a cure of such material breach, such plan is accepted by the Non-Breaching Party (such acceptance not to be unreasonably withheld, conditioned, or delayed), and the Breaching Party commits to and carries out such plan as provided to the Non-Breaching Party no later than one hundred fifty (150) days after written notice of said breach. The right of either Party to terminate this Agreement, whether in part or in its entirety, as provided in this Section 11.2(a) shall not be affected in any way by such Party's waiver of or failure to take action with respect to any previous breach under this Agreement.

(b) If the Parties reasonably and in good faith disagree as to whether there has been a material breach, the Party that disputes whether there has been a material breach may contest the allegation in accordance with ARTICLE 12. Notwithstanding anything to the contrary contained in Section 11.2(a), the Cure Period for any Dispute will be tolled from the date that written notice was first provided to the Breaching Party by the Non-Breaching Party through the resolution of such Dispute pursuant to ARTICLE 12, and it is understood and acknowledged that, during the pendency of a Dispute pursuant this Section 11.2(b), all of the terms and conditions of this Agreement shall remain in effect, and the Parties shall continue to perform all of their respective obligations under this Agreement. Any payments that are made by one Party to the other Party pursuant to this Agreement pending resolution of the Dispute shall be promptly refunded if it is determined pursuant to ARTICLE 12 that such payments are to be refunded by one Party to the other Party.

11.3 Termination for Bankruptcy.

(a) Either Party may terminate this Agreement in its entirety upon providing written notice to the other Party on or after the time that such other Party makes a general assignment for the benefit of creditors, files an insolvency petition in bankruptcy, petitions for or acquiesces in the appointment of any receiver, trustee or similar officer to liquidate or conserve its business or any substantial part of its assets, commences under the laws of any

jurisdiction any proceeding involving its insolvency, bankruptcy, reorganization, adjustment of debt, dissolution, liquidation or any other similar proceeding for the release of financially distressed debtors, or becomes a party to any proceeding or action of the type described above, and such proceeding or action remains un-dismissed or un-stayed for a period of more than sixty (60) days.

(b) All rights and licenses granted under or pursuant to this Agreement are, and shall otherwise be deemed to be, for purposes of Section 365(n) of Title 11 of the United States Code and other similar laws in any jurisdiction outside the U.S. (collectively, the "Bankruptcy Laws"), licenses of rights to "intellectual property" as defined under the Bankruptcy Laws. If a case is commenced during the Term by or against a Party under Bankruptcy Laws then, unless and until this Agreement is rejected as provided pursuant to such Bankruptcy Laws, such Party (in any capacity, including debtor-in-possession) and its successors and assigns (including a Title 11 trustee) shall perform all of the obligations in this Agreement intended to be performed by such Party. If a case is commenced during the Term by or against a Party under the Bankruptcy Laws, this Agreement is rejected as provided for under the Bankruptcy Laws, and the non-bankrupt Party elects to retain its rights hereunder as provided for under the Bankruptcy Laws, then the Party subject to such case under the Bankruptcy Laws (in any capacity, including debtor-in-possession) and its successors and assigns (including a Title 11 trustee), shall provide to the non-bankrupt Party copies of all Patents and Information necessary for the non-bankrupt Party to prosecute, maintain and enjoy its rights under the terms of this Agreement. All rights, powers and remedies of the non-bankrupt Party as provided herein are in addition to and not in substitution for any and all other rights, powers and remedies now or hereafter existing at law or in equity (including the Bankruptcy Laws) in the event of the commencement of a case by or against a Party under the Bankruptcy Laws. In particular, it is the intention and understanding of the Parties to this Agreement that the rights granted to the Parties under this Section 11.3 are essential to the Parties' respective businesses and the Parties acknowledge that damages are not an adequate remedy. The Parties acknowledge and agree that the payments made under Section 5.1 shall not (i) constitute royalties within the meaning of Section 365(n) of the U.S. Bankruptcy Code or any analogous provisions in any other country or jurisdiction, or (ii) relate to licenses of intellectual property hereunder.

11.4 Termination for Delayed or Abandoned Development. This Section 11.4 shall not limit a Party's right to terminate pursuant to Section 11.2 (Termination for Material Breach) and 11.3 (Termination for Bankruptcy). Each Party may terminate a Co-Development Target and/or Co-Development Product by providing notice in writing to the other Party if in the absence of Commercially Reasonable Efforts or any force majeure event such other Party suspends or otherwise fails to conduct any Development activities for a corresponding Research Program or Co-Development Product for twelve (12) consecutive months or more during the

Term, such notice to take effect with respect to such Co-Development Target and/or Co-Development Product sixty (60) calendar days from the other Party's receipt of such notice. Additionally, each Party may terminate a Co-Development Target and/or Co-Development Product by providing notice in writing to the other Party if such other Party has first informed such Party (e.g., at a committee meeting or otherwise) that such other Party will not be participating further in the joint funding and/or advancement of a Co-Development Target and/or Co-Development Product, such notice to take effect with respect to such Co-Development Produce and/or Co-Development Product immediately upon receipt.

11.5 Effects of Termination. All of the following effects of termination are in addition to the other rights and remedies that may be available to either of the Parties under this Agreement and shall not be construed to limit any such rights or remedies. In the event this Agreement is not terminated in its entirety, but rather is terminated on a Co-Development Target-by-Co-Development Target basis (each such terminated Co-Development Target, a "Terminated Target") and/or Product-by-Product and/or country-by-country basis with respect to one or more Products (each such terminated Product, a "Terminated Product"), then, notwithstanding anything to the contrary contained in Section 11.5(a), the consequences of termination described under this Section 11.5 shall only apply to the Terminated Target or Terminated Product, as the case may be, and this Agreement shall remain in full force and effect in accordance with its terms with respect to all Products and all other Co-Development Targets other than the Terminated Targets or Terminated Products, in all countries of the Territory.

(a) **Consequences of Termination by LCB or NextCure**. In the event of termination of this Agreement with respect to any Research Program Target and/or Co-Development Target, Product and/or in its entirety by either Party:

(i) Without limiting the effect that such termination shall have on any provisions of this Agreement, other than those provisions that this Agreement expressly provides shall survive such termination and subject to this Section 11.5(a), all rights and licenses granted herein to either Party shall terminate, and the Parties, except to the extent a Party is a Sole Developing Party for a particular Terminated Product or Terminated Target, shall cease any and all Development, Manufacturing, and commercialization activities with respect to the Terminated Targets and/or Terminated Products in the Terminated Countries, as the case may be, as soon as is reasonably practicable under Applicable Law; provided that such licenses shall continue as necessary for the Parties to complete the orderly wind-down of their activities under this Agreement (including to enable an orderly transition of materials, activities and responsibilities to a Sole Developing Party as applicable) in accordance with Applicable Law and as otherwise required in accordance with Section 11.5(a)(i);

(ii) Except as set forth in Section 11.5(a)(iv) below, all payment obligations hereunder shall terminate, other than those that are accrued and unpaid as of the effective date of such termination;

(iii) All exclusivity obligations hereunder shall terminate with respect to such Terminated Target or Terminated Products.

(iv) After termination of the Agreement or any Research Programs generated under the Collaboration under Section 11.4 the terminating Party may choose to continue to Develop the Product or any Research Programs on its own exclusively (such Party continuing Development thereafter being deemed a "Sole Developing Party" with respect to the so-continued Product and/or Research Targets, and the other Party thereafter being deemed a "Non-developing Party" with respect to such Product and/or Research Target). The Non-developing Party shall grant, and hereby grants, to the Sole Developing Party in each case an exclusive license under its respective Patents and Know How (including its joint share of rights in any Research Program Technology) that are necessary or reasonably useful to Develop, Manufacture, and Exploit the so-continued Product and/or Research Target in the Field in the Territory ("Reversion Technology") in accord with this Section 11.5. The Non-developing Party shall provide access to know-how, documentation, materials and technology transfer with respect to the Reversion Technology to support development of such Product and Research Programs to the Sole Developing Party. In such cases, the Sole Developing Party shall pay development and commercial milestone and royalty payments to the Non-developing Party for each Research Program, including the B7-H4 ADC Program, as specified in Exhibit B. The Sole Developing Party shall provide to the Non-developing Party a report detailing the Sole Developing Party's material efforts and progress with respect to the Research Program and the so-continued Products within sixty (60) days after January 1 of each Calendar Year. Each such report shall describe, among other matters, those: (A) material Development activities initiated, currently in progress and completed during the Calendar Year, and (B) material Development activities planned to be initiated during the next Calendar Year. Each Sole Developing Party will retain licenses granted under this Section 11.5(a)(iv) under the Reversion Technology from the Non-Developing Party as reasonably necessary to Develop, Manufacture and Exploit those respective Products and Research Programs for so long as such Party continues to Develop and Exploit such Products and Research Programs. Notwithstanding the foregoing, in the absence of Commercially Reasonable Efforts or any force majeure event, if the Sole Developing Party suspends or otherwise fails to conduct any Development activities for a Research Program for twelve (12) consecutive

months or more, the Non-developing Party may terminate the Agreement and the exclusive license granted in accordance with this Section 11.5(a)(iv) with a written notice, with such notice to take effect with respect to such Research Program sixty (60) calendar days from the Sole Developing Party's receipt of such notice.

(v) For clarity, if a Research Program is terminated, this Agreement shall continue to remain effective, unless all Research Programs generated under the Agreement including all Co-Development Products are terminated and all Sole Developing Parties cease to Develop, commercialize, and/or otherwise Exploit any Terminated Targets and/or Terminated Products.

(vi) **Technology Transfer and Inventory**. To permit the Sole Developing Party to pursue its continuing rights under Section 11.5(a)(iv) and upon reasonable request, the Non-developing Party shall provide to such Sole Developing Party reasonable technology transfer assistance, including reasonably requested documents or other information that the Parties have created concerning the Terminated Targets and Terminated Products and concerning processes or Know How that otherwise are reasonably necessary to support manufacturing or testing of relevant Terminated Targets and Terminated Products. Further, upon termination a Party may request to procure any unsold or unused inventory stocks of the Co-Development Products from the other Party. Such stocks shall be provided at a transfer price to be negotiated by the Parties, with the proviso that such price shall take into account any prior cost sharing between the Parties with regard to the inventory prior to such termination.

(vii) **Return of Confidential Information**. Subject to the rights of a Sole Developing Party granted in subparagraphs (iv) and (vi) above, upon any termination of this Agreement, the Receiving Party shall return to the Disclosing Party or otherwise destroy any documents or other materials that contain the Disclosing Party’s Confidential Information in relation to the Terminated Product or Terminated Target, including all copies made, and make no further use or disclosure thereof. The Receiving Party may, however, keep copies of the Confidential Information of the Disclosing Party in its legal adviser’s files and in internal IT backup systems solely for the purpose of enabling it to comply with the provisions of this Agreement.

11.6 Remedies. Notwithstanding anything to the contrary in this Agreement, except as otherwise set forth in this Agreement, termination or expiration of this Agreement shall not relieve the Parties of any liability or obligation which accrued hereunder prior to the effective date of such termination or expiration, nor prejudice either Party’s right to obtain performance of any obligation. Each Party shall be free, pursuant to Section 11, to seek, without restriction

as to the number of times it may seek, damages, expenses and remedies that may be available to it under Applicable Law or in equity and shall be entitled to offset the amount of any damages and expenses obtained against the other Party in a final determination under Article 12, against any amounts otherwise due to such other Party under this Agreement.

11.7 Survival. In the event of termination of this Agreement, in addition to the provisions of this Agreement that continue in effect in accordance with their terms, the following provisions of this Agreement shall survive: Articles 1, 7, 8, 9, 10, 11, 12 and 14 and Section 6.1 with respect to any Products being Developed and/or Exploited by a Sole Developing Party.

ARTICLE 12
Dispute Resolution

12.1 Disputes. Any dispute between the Parties arising out of or relating to the Agreement, including any non-contractual disputes or claims or any question regarding its existence, validity, or termination, shall be resolved by binding arbitration. The proceedings shall be initiated by the service of a written notice of dispute by a Party on the other Party setting out details of the dispute and the reasons why the Party serving the notice believes that the dispute has arisen. Upon service of such a notice, the dispute shall be referred to the Senior Officers (or their respective delegates), who shall endeavour to resolve the dispute amicably (each acting reasonably and in good faith).

12.2 Arbitration. In the event that a dispute cannot be resolved to the satisfaction of both Parties within 30 Days of referral to the Senior Officers (or their respective delegates), or if a Party either fails to participate or to continue to participate in the process referred to in Section 12.1 (Disputes), it shall be finally settled through an arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce 2021 in accordance with the Expedited Procedure Rules irrespective of the amount in dispute. The right and obligation to arbitrate under this Section 12.2 (Arbitration) shall extend to any claims by or against the Parties and their respective Affiliates and any agents, principals, officers, directors, or employees of either of the Parties or their respective Affiliates. The arbitration tribunal shall be composed of one arbitrator agreed by the Parties. If the Parties are unable to agree on an arbitrator within 30 Days after the transmission of the request for arbitration by one of the Parties, then the arbitration tribunal shall be composed of one arbitrator selected by each Party and one arbitrator selected by the first two arbitrators. The arbitral award shall be final and binding. A judgment on any award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The legal seat of arbitration shall be Southern District of New York, and the language of the arbitral proceedings shall be English. Either party may apply to the arbitrator(s) seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. The arbitrators shall have the authority to grant specific performance, issue summary judgments or grant other depository motions and, if either Party engages attorneys to enforce any rights arising out of or

relating to the Agreement, then the prevailing Party shall be entitled to recover its reasonable fees and costs expended in engaging such attorneys. The Parties agree that all information, including the result, of such arbitration and the fact that arbitration takes place shall be regarded as Confidential Information of both Parties and shall not be disclosed without the written consent of the other Party.

ARTICLE 13
Indemnification

13.1 Indemnification by NextCure. NextCure hereby agrees to defend, indemnify and hold harmless LCB and its Affiliates and each of their respective directors, officers, employees, agents and representatives (each, a "LCB Indemnitee") from and against any and all claims, suits, actions, demands, liabilities, expenses and/or losses, including reasonable legal expenses and attorneys' fees (collectively, the "Losses") to which any LCB Indemnitee may become subject as a result of any claim, demand, action or other proceeding by any Third Party (each, a "Claim") to the extent such Losses arise directly or indirectly out of: (a) the breach by NextCure of any warranty, representation, covenant or agreement made by NextCure in this Agreement; and (b) the negligence, gross negligence, illegal conduct, or wilful misconduct (including to the extent such negligence, gross negligence, illegal conduct or wilful misconduct gives rise to product liability Claims under any legal theory) of NextCure or its Affiliate or its licensee (other than LCB or its Affiliate or sublicensee), or any officer, director, employee, agent or representative thereof; except, with respect to each of subsections (a) and (b) above, to the extent such Losses arise directly or indirectly from the negligence, gross negligence, illegal conduct or wilful misconduct of any LCB Indemnitee or the breach by LCB of any warranty, representation, covenant or agreement made by LCB in this Agreement.

13.2 Indemnification by LCB. LCB hereby agrees to defend, indemnify and hold harmless NextCure and its Affiliates and each of their respective directors, officers, employees, agents and representatives (each, a "NextCure Indemnitee") from and against any and all Losses to which any NextCure Indemnitee may become subject as a result of any Claim to the extent such Losses arise directly or indirectly out of: (a) the breach by LCB of any warranty, representation, covenant or agreement made by LCB in this Agreement; and (b) the negligence, gross negligence, illegal conduct, or wilful misconduct (including to the extent such negligence, gross negligence, illegal conduct or wilful misconduct gives rise to product liability Claims under any legal theory) of LCB or its Affiliate or its licensee (other than NextCure or its Affiliate or sublicensee), or any officer, director, employee, agent or representative thereof; except, with respect to each of subsections (a) and (b) above, to the extent such Losses arise directly or indirectly from the negligence, gross negligence, illegal conduct or wilful misconduct of any NextCure Indemnitee or the breach by NextCure of any warranty, representation, covenant or agreement made by NextCure in this Agreement.

13.3 Indemnification by Sole Commercializing Party. Both Parties, to the extent they are a Sole Developing Party commercializing a respective Product in accord with Section 7.2(a) and Section 11.5(a)(iv), hereby agrees to defend, indemnify and hold harmless the non-commercializing Party and its Affiliates, and each of their respective directors, officers, employees, agents and representatives (each, a "Non-Developing Indemnitee") from and against any and all Losses to which any Non-Developing Indemnitee may become subject to as a result of any Claim the extent such Losses arise directly or indirectly out of: (a) the practice by the Sole Developing Party or its Affiliate or their respective sublicensee of any license granted to it under Section 11.5(a)(iv) with respect to the Research Program Technology and/or the technology of the non-commercializing Party; and (b) the manufacture, use, handling, storage, sale, marketing, export, import, other disposition or Exploitation of any Product by the Sole Developing Party or its Affiliate or their respective sublicensee, including any Product Liabilities related to the use or Exploitation of the Product.

13.4 Indemnification Procedures.

(a) **Notice.** Promptly after a Non-Developing Indemnitee, LCB Indemnitee or a NextCure Indemnitee (each, an *"*Indemnitee") receives notice of a pending or threatened Claim, such Indemnitee shall give written notice of the Claim to the Party from whom the Indemnitee is entitled to receive indemnification pursuant to Sections 13.1 through 13.3, as applicable (the "Indemnifying Party"). However, an Indemnitee's delay in providing or failure to provide such notice will not relieve the Indemnifying Party of its indemnification obligations, except to the extent it can demonstrate prejudice due to the delay or lack of notice.

(b) **Defense.** Upon receipt of notice under Section 13.4 from the Indemnitee, the Indemnifying Party shall have the duty to either compromise or defend, at its own expense and by counsel (reasonably satisfactory to Indemnitee), such Claim. The Indemnifying Party shall promptly (and in any event not more than twenty (20) days after receipt of the Indemnitee's original notice) notify the Indemnitee in writing that it acknowledges its obligation (which acknowledgement shall not be deemed or construed as an admission of liability, either under this ARTICLE 13 or otherwise) to indemnify the Indemnitee with respect to the Claim pursuant to this Section 13.4 and of its intention either to compromise or defend such Claim. Once the Indemnifying Party gives such notice to the Indemnitee, the Indemnifying Party is not liable to the Indemnitee for the fees of other counsel or any other expenses subsequently incurred by the Indemnitee in connection with such defense, other than the Indemnitee's reasonable expenses of investigation and cooperation. However, the Indemnitee shall have the right to employ separate counsel and to control the defense of a Claim at its own expense.

(c) **Cooperation.** The Indemnitee shall cooperate fully with the Indemnifying Party and its legal representatives in the investigation and defense of any Claim. The Indemnifying Party shall keep the Indemnitee informed on a reasonable and timely basis

as to the status of such Claim (to the extent the Indemnitee is not participating in the defense of such Claim) and conduct the defense of such Claim in a prudent manner.

(d) **Settlement.** If an Indemnifying Party assumes the defense of a Claim, no compromise or settlement of such Claim may be effected by the Indemnifying Party without the Indemnitee's written consent (such consent not to be unreasonably withheld, delayed or conditioned). Notwithstanding the foregoing, the Indemnitee's consent shall not require of a settlement where: (i) there is no finding or admission of any violation of law or any violation of the rights of any person and no effect on any other claims that may be made against the Indemnitee; (ii) the sole relief provided is monetary damages that are paid in full by the Indemnifying Party; and (iii) the Indemnitee's rights under this Agreement are not adversely affected. If the Indemnifying Party fails to assume defense of a Claim within a reasonable time, the Indemnitee may settle such Claim on such terms as it deems appropriate with the consent of the Indemnifying Party (such consent not to be unreasonably withheld, delayed or conditioned), and the Indemnifying Party shall be obligated to indemnify the Indemnitee for such settlement as provided in this ARTICLE 13.

13.5 Insurance. Each Party shall, at its own expense, procure and maintain during the Term insurance policy/policies, including product liability insurance where applicable given the development stage of the Co-Development Product, adequate to cover its obligations hereunder and which are consistent with usual business practices of prudent companies similarly situated. Such insurance shall not be construed to create a limit of the Party's liability with respect to its indemnification obligations under this ARTICLE 13. The Parties shall provide the other Party with prompt written notice of cancellation, non-renewal or material change in such insurance or self-insurance that could materially adversely affect the rights of the Parties hereunder and shall provide such notice within thirty (30) days after any such cancellation, non-renewal or material change.

13.6 Limitation of Liability. EXCEPT FOR A PARTY'S OBLIGATIONS SET FORTH IN THIS SECTION 13, AND ANY BREACH OF SECTION 10 (CONFIDENTIALITY)**,** IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY (OR THE OTHER PARTY'S AFFILIATES OR SUBLICENSEES) IN CONNECTION WITH THIS AGREEMENT FOR LOST REVENUE, LOST PROFITS, LOST SAVINGS, LOSS OF USE, DAMAGE TO GOODWILL, OR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR INDIRECT DAMAGES UNDER ANY THEORY, INCLUDING CONTRACT, NEGLIGENCE, OR STRICT LIABILITY, EVEN IF THAT PARTY HAS BEEN PLACED ON NOTICE OF THE POSSIBILITY OF SUCH DAMAGES.

ARTICLE 14
Miscellaneous

14.1 Designation of Affiliates. Each Party may discharge any obligations and exercise any rights hereunder through delegation of its obligations or rights to any of its Affiliates. Each Party hereby guarantees the performance by its Affiliates of such Party's obligations under this Agreement and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance. Any breach by a Party's Affiliate of any of such Party's obligations under this Agreement shall be deemed a breach by such Party, and the other Party may proceed directly against such Party without any obligation to first proceed against such Party's Affiliate.

14.2 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given on the date delivered, if delivered personally, or on the next Business Day after being sent by reputable overnight courier (with delivery tracking provided, signature required and delivery prepaid), in each case, to the parties at the following addresses, or on the date sent and confirmed by electronic transmission to the telecopier number specified below or confirmatory return email to the email address specified below (or at such other address, telecopier number or email address for a party as shall be specified by notice given in accordance with this Section 14.2).

(a) If to NextCure:

NextCure, Inc.
9000 Virginia Manor Road, Suite 200
Beltsville, MD, U.S.A.

Attention: CEO

with cc to: legal@nextcure.com

(b) If to LCB:

LegoChem Biosciences, Inc.
10, Gukjegwahak 10-ro, Yuseong-gu,
Daejeon, 34002, Republic of Korea

Attention: Jeiwook Chae, Chief Business Development Officer
Email: chae@legochembio.com

CC to: Business Development Manager
Email: bd@legochembio.com

14.3 Force Majeure. Both Parties shall be excused from the performance of their obligations under this Agreement to the extent that such performance is prevented by Force Majeure and the nonperforming Party promptly provides notice of the prevention to the other

Party. Such excuse shall be continued so long as the condition constituting Force Majeure continues and the nonperforming Party takes reasonable efforts to remove the condition. Notwithstanding the foregoing, a Party shall not be excused from making payments owed hereunder because of a Force Majeure affecting such Party. If a Force Majeure persists for more than ninety (90) days, then the Parties shall discuss in good faith the modification of the Parties' obligations under this Agreement in order to mitigate the delays caused by such Force Majeure.

14.4 Assignment.

(a) Subject to Section 14.4(b), neither Party may assign, mortgage, charge, or otherwise transfer any rights or obligations under the Agreement without the prior written consent of the other Party.

(b) With written notice to the other Party before such assignment or transfer, either Party may assign and transfer all its rights and obligations under the Agreement to an Affiliate. A Party may assign this Agreement with notice to the other Party to (i) a Third Party in case of a sale of substantially all of such Party's assets relating to one or more Co-Development Products and/or Co-Development Targets to such Third Party, or (iii) to a successor in interest in the case of a merger, acquisition, or other change of control transaction. In all cases, the assignee must undertake in writing to the non-assigning Party to be bound by and perform the obligations of the assignor under the Agreement. Any assignment or attempted assignment by either Party in violation of the terms of this Section 14.4 (Assignment) will be null, void and of no legal effect.

14.5 Severability. If any one or more of the provisions of this Agreement is held to be invalid or unenforceable by any court of competent jurisdiction from which no appeal can be or is taken, the provision shall be considered severed from this Agreement and shall not serve to invalidate any remaining provisions hereof. The Parties shall make a good faith effort to replace any invalid or unenforceable provision with a valid and enforceable one such that the objectives contemplated by the Parties when entering this Agreement may be realized.

14.6 English Language. This Agreement shall be written and executed in, and all other communications under or in connection with this Agreement, shall be in the English language. Any translation into any other language shall not be an official version thereof, and in the event of any conflict in interpretation between the English version and such translation, the English version shall control.

14.7 Waiver and Non-Exclusion of Remedies. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on

behalf of the Party waiving such term or condition. The waiver by either Party hereto of any right hereunder or of the failure to perform or of a breach by the other Party shall not be deemed a waiver of any other right hereunder or of any other breach or failure by such other Party whether of a similar nature or otherwise. The rights and remedies provided herein are cumulative and do not exclude any other right or remedy provided by Applicable Law or otherwise available except as expressly set forth herein.

14.8 Further Assurance. Each Party shall duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such assignments, agreements, documents, and instruments, as may be necessary or as the other Party may reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes hereof.

14.9 Relationship of the Parties. It is expressly agreed that this Agreement does not create or constitute a partnership, joint venture or agency, including for tax purposes. Neither LCB nor NextCure shall have the authority to make any statements, representations or commitments of any kind, or to take any action which shall be binding on the other, without the prior written consent of the other Party to do so. All persons employed by a Party shall be employees of that Party and not of the other Party and all expenses and obligations incurred by reason of such employment shall be for the account and expense of such Party.

14.10 Construction. Except where the context otherwise requires, wherever used, the singular shall include the plural, the plural shall include the singular, and the use of any gender shall be applicable to all genders. Whenever this Agreement refers to a number of days without using a term otherwise defined herein, such number refers to calendar days. The captions of this Agreement are for the convenience of reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The terms "including," "include," "includes" or "for example" shall not limit the generality of any description preceding such term and as used herein shall have the same meaning as "including, but not limited to" or "including, without limitation." The language of this Agreement shall be deemed to be the language mutually chosen by the Parties and no rule of strict construction shall be applied against either Party hereto. Each Party represents that it has been represented by legal counsel in connection with this Agreement and acknowledges that it has participated in the drafting hereof. In interpreting and applying the terms and provisions of this Agreement, the Parties agree that no presumption will apply against the Party which drafted such terms and Provision.

14.11 Governing Laws. This Agreement was prepared in the English language, which language shall govern the interpretation of, and any dispute regarding, the terms of this Agreement. This Agreement and all disputes arising out of or related to this Agreement or any breach hereof shall be governed by and construed under the laws of the State of New York,

without giving effect to any choice of law principles that would require the application of the laws of a different state.

14.12 Entire Agreement. This Agreement, including the Exhibits hereto, sets forth the complete, final and exclusive agreement and all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties hereto with respect to the subject matter hereof and supersedes, as of the Effective Date, all prior and contemporaneous agreements and understandings between the Parties with respect to the subject matter hereof. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties other than as are set forth herein and therein. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by an authorized officer of each Party. In the event of any inconsistency between the body of this Agreement and either any Exhibits to this Agreement or any subsequent agreements ancillary to this Agreement, unless otherwise express stated to the contrary in such Exhibit or ancillary agreement, the terms contained in this Agreement shall control.

14.13 Headings. The headings of each Section and Sections in this Agreement have been inserted for convenience of reference only and are not intended to limit or expand on the meaning of the language contained in the particular Section or Sections.

14.14 Counterparts. This Agreement may be executed and delivered in counterparts signed with wet ink or electronically (including via .pdf or other electronically transmitted signature platforms) and such signatures shall be deemed to bind each Party hereto as if they were the original signatures on the same instrument.

SIGNATURE PAGE FOLLOWS

This Agreement has been entered into on the Effective Date.

For and on behalf of **LegoChem Biosciences, Inc.**	**For and on behalf of** **NextCure, Inc.**
/s/ Yong-Zu Kim Signed	/s/ Michael Richman Signed
Name: Yong-Zu Kim	Name: Michael Richman
Title: CEO & President	Title: President & CEO
Date: Nov. 10, 2022	Date: Nov. 9, 2022

Exhibit A

Initial Research Plan for First Research Program Target

[***]

Exhibit B

Financial Terms if either Party terminates the Agreement for any Product or Research Program Target

Terms	**Payments**		
Development milestones	 1st dose in Phase 2 1st dose in Phase 3	1st occurrence [***] [***]	2nd occurrence [***] [***]
Regulatory milestones	 US approval European approval Japan approval	1st indication [***] [***] [***]	2nd indication [***] [***] [***]
Commercial milestones on worldwide annual net sales	[***]		
Royalties on worldwide annual net sales by the Sole Developing Party, Sublicensee, assignee, transferee, acquirer or their respective Affiliate	[***]		

Each of the Development and Regulatory milestones above will be payable once per Product. However, in the event there is more than one Product for any given Research Program Target, the milestone would be paid only once and for the first Product based on the Research Program Target to achieve the milestone.

Commercial milestones are payable once for each Product and determined using cumulative annual Net Sales for all Products for the respective Research Program Target.

Royalty tiers are determined using Net Sales on a Product-by-Product Basis.

Net Sales shall be determined in accordance with generally accepted accounting principles in the United States.

Exhibit C

Partial Projected Co-Commercialization Budget for First Research Program Target

[***]

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-231438) pertaining to the NextCure, Inc. 2019 Employee Stock Purchase Plan,

(2) Registration Statement (Form S-8 No. 333-231436) pertaining to the NextCure, Inc. 2015 Omnibus Incentive Plan and the NextCure, Inc. 2019 Omnibus Incentive Plan,

(3) Registration Statement (Form S-8 No. 333-260776) pertaining to the NextCure, Inc. 2019 Employee Stock Purchase Plan,

(4) Registration Statement (Form S-8 No. 333-260779) pertaining to the NextCure, Inc. 2019 Omnibus Incentive Plan,

(5) Registration Statement (Form S-8 No. 333-273735) of NextCure, Inc.,

(6) Registration Statement (Form S-3 No. 333-241706) of NextCure, Inc., and

(7) Registration Statement (Form S-3 No. 333-273723) of NextCure, Inc.

of our report dated March 21, 2024, with respect to the financial statements of NextCure, Inc. included in this Annual Report (Form 10-K) of NextCure, Inc. for the year ended December 31, 2023.

/s/ Ernst & Young LLP

Baltimore, Maryland
March 21, 2024

EXHIBIT 31.1

Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael Richman, certify that:

1. I have reviewed this annual report on Form 10-K of NextCure, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: March 21, 2024

/s/ Michael Richman
Name: Michael Richman
Title: President and Chief Executive Officer

EXHIBIT 31.2

Certification of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Steven P. Cobourn, certify that:

1. I have reviewed this annual report on Form 10-K of NextCure, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: March 21, 2024

/s/ Steven P. Cobourn
Name: Steven P. Cobourn
Title: Chief 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 Annual Report on Form 10-K of NextCure, Inc. (the "Company") for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned each hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge, on the date hereof:

(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 financial condition and results of operations of the Company.

Dated: March 21, 2024

/s/ Michael Richman
Name: Michael Richman
Title: President and Chief Executive Officer

Dated: March 21, 2024

/s/ Steven P. Cobourn
Name: Steven P. Cobourn
Title: Chief Financial Officer

NextCure, Inc.

POLICY ON RECOUPMENT OF INCENTIVE COMPENSATION

Introduction

The Compensation Committee (the "Compensation Committee") of the Board of Directors (the "Board") of NextCure, Inc. (the "Company") has adopted this Policy on Recoupment of Incentive Compensation (this "Policy"), which provides for the recoupment of compensation in certain circumstances in the event of a restatement of financial results by the Company. This Policy shall be interpreted to comply with the requirements of U.S. Securities and Exchange Commission ("SEC") rules and Nasdaq Stock Market ("Nasdaq") listing standards implementing Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") and, to the extent this Policy is in any manner deemed inconsistent with such rules, this Policy shall be treated as retroactively amended to be compliant with such rules.

Administration

This Policy shall be administered by the Compensation Committee. Any determinations made by the Compensation Committee shall be final and binding on all affected individuals. The Compensation Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy, in all cases consistent with the Dodd-Frank Act. The Board or Compensation Committee may amend this Policy from time to time in its discretion.

Covered Executives

This Policy applies to any current or former "executive officer," within the meaning of Rule 10D-1 under the Securities Exchange Act of 1934, as amended, of the Company or a subsidiary of the Company (each such individual, an "Executive"). This Policy shall be binding and enforceable against all Executives and their beneficiaries, executors, administrators, and other legal representatives.

Recoupment Upon Financial Restatement

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "Financial Restatement"), the Compensation Committee shall cause the Company to recoup from each Executive, as promptly as reasonably possible, any erroneously awarded Incentive-Based Compensation, as defined below.

No-Fault Recovery

Recoupment under this Policy shall be required regardless of whether the Executive or any other person was at fault or responsible for accounting errors that contributed to the need for the Financial Restatement or engaged in any misconduct.

Compensation Subject to Recovery; Enforcement

This Policy applies to all compensation granted, earned or vested based wholly or in part upon the attainment of any financial reporting measure determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measure that is derived wholly or in part from such measures, whether or not presented within the Company's financial statements or included in a filing with the SEC, including stock price and total shareholder return ("TSR"), including but not limited to performance-based cash, stock, options or other equity-based awards paid or granted to the Executive ("Incentive-Based Compensation"). Compensation that is granted, vests or is earned based solely upon the occurrence of non-financial events, such as base salary, restricted stock or options with time-based vesting, or a bonus awarded solely at the discretion of the Board or Compensation Committee and not based on the attainment of any financial measure, is not subject to this Policy.

In the event of a Financial Restatement, the amount to be recovered will be the excess of (i) the Incentive-Based Compensation received by the Executive during the Recovery Period (as defined below) based on the erroneous data and calculated without regard to any taxes paid or withheld, over (ii) the Incentive-Based Compensation that would have been received by the Executive had it been calculated based on the restated financial information, as determined by the Compensation Committee. For purposes of this Policy, "Recovery Period" means the three completed fiscal years immediately preceding the date on which the Company is required to prepare the Financial Restatement, as determined in accordance with the last sentence of this paragraph, or any transition period that results from a change in the Company's fiscal year (as set forth in Section 5608(b)(i)(D) of the Nasdaq Listing Rules). The date on which the Company is required to prepare a Financial Restatement is the earlier to occur of (A) the date the Board or a Board committee (or authorized officers of the Company if Board action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare a Financial Restatement or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare a Financial Restatement.

For Incentive-Based Compensation based on stock price or TSR, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in the Financial Restatement, then the Compensation Committee shall determine the amount to be recovered based on a reasonable estimate of the effect of the Financial Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received and the Company shall document the determination of that estimate and provide it to the Nasdaq.

Incentive-Based Compensation is considered to have been received by an Executive in the fiscal year during which the applicable financial reporting measure was attained or purportedly attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

The Company may use any legal or equitable remedies that are available to the Company to recoup any erroneously awarded Incentive-Based Compensation, including, without limitation, by collecting from the Executive cash payments or shares of Company common stock from or by forfeiting any amounts that the Company owes to the Executive.

No Indemnification

The Company shall not indemnify any Executive or pay or reimburse the premium for any insurance policy to cover any losses incurred by such Executive under this Policy.

Exceptions

The compensation recouped under this Policy shall not include Incentive-Based Compensation received by an Executive (i) prior to beginning service as an Executive or (ii) if he or she did not serve as an Executive at any time during the performance period applicable to the Incentive-Based Compensation in question. The Compensation Committee (or a majority of independent directors serving on the Board) may determine not to seek recovery from an Executive in whole or part to the extent it determines in its sole discretion that such recovery would be impracticable because (A) the direct expense paid to a third party to assist in enforcing recovery would exceed the recoverable amount (after having made a reasonable attempt to recover the erroneously awarded Incentive-Based Compensation and providing corresponding documentation of such attempt to the Nasdaq), (B) recovery would violate the home country law that was adopted prior to November 28, 2022, as determined by an opinion of counsel licensed in the applicable jurisdiction that is acceptable to and provided to the Nasdaq, or (C) recovery would likely cause the Company's 401(k) plan or any other tax-qualified retirement plan to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

Other Remedies Not Precluded

The exercise by the Compensation Committee of any rights pursuant to this Policy shall be without prejudice to any other rights or remedies that the Company, the Board or the Compensation Committee may have with respect to any Executive subject to this Policy.

Effective Date and Applicability

This Policy has been adopted by the Compensation Committee August 30, 2023, and shall apply to any Incentive-Based Compensation that is received by an Executive on or after October 2, 2023.