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

**FORM 10-K**

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

**For the Fiscal Year Ended December 31, 2022**

**or**

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

**For the Transition Period from to .**

**Commission File No. 001-38191**

# MUSTANG BIO, INC.

**(Exact Name of Registrant as Specified in its Charter)**

| **Delaware** | **47-3828760** |
|---|---|
| **(State or Other Jurisdiction of Incorporation or Organization)** | **(I.R.S. Employer Identification No.)** |

**377 Plantation Street**
**Worcester, Massachusetts 01605**
(Address including zip code of principal executive offices)

**(781) 652-4500**
(Registrant's telephone number, including area code)

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, par value $0.0001 per share | MBIO | NASDAQ Capital 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

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

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

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

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

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

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

The aggregate market value of the common stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter: $ 48.8 million.

| **Class of Common Stock** | **Outstanding Shares as of March 27, 2023** |
|---|---|
| Class A Common Stock, $0.0001 par value | 845,385 |
| Common Stock, $0.0001 par value | 109,398,635 |

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for its 2023 Annual Meeting of Stockholders are incorporated by reference into Part III hereof.

**MUSTANG BIO, INC.**
**ANNUAL REPORT ON FORM 10-K**
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## SPECIAL CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Certain matters discussed in this annual report on Form 10-K ("Form 10-K") may constitute forward-looking statements for purposes of the Securities Act of 1933, as amended (the "Securities Act") and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. The words "anticipate," "believe," "estimate," "may," "expect" and similar expressions are generally intended to identify forward-looking statements. Our actual results may differ materially from the results anticipated in these forward-looking statements due to a variety of factors, including, without limitation, those discussed under the captions "Risk Factors," and elsewhere in this Form 10-K. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements. Such forward-looking statements include, but are not limited to, statements about our:

- expectations for increases or decreases in expenses;
- expectations for the clinical and pre-clinical development, manufacturing, regulatory approval, and commercialization of our pharmaceutical product candidates or any other products we may acquire or in-license;
- use of clinical research centers and other contractors;
- expectations for incurring capital expenditures to expand our research and development and manufacturing capabilities;
- expectations for generating revenue or becoming profitable on a sustained basis;
- expectations or ability to enter into marketing and other partnership agreements;
- expectations or ability to enter into product acquisition and in-licensing transactions;
- expectations or ability to build our own commercial infrastructure to manufacture, market and sell our drug candidates;
- expectations for the acceptance of our products by doctors, patients or payors;
- ability to compete against other companies and research institutions;
- ability to secure adequate protection for our intellectual property;
- ability to attract and retain key personnel;
- ability to obtain reimbursement for our products;
- estimates of the sufficiency of our existing cash and cash equivalents and investments to finance our operating requirements, including expectations regarding the value and liquidity of our investments;
- stock price and the volatility of the equity markets;
- expected losses; and
- expectations for future capital requirements.

The forward-looking statements contained in this Form 10-K reflect our views and assumptions as of the effective date of this Form 10-K. Except as required by law, we assume no responsibility for updating any forward-looking statements.

We qualify all of our forward-looking statements by these cautionary statements.

## SUMMARY RISK FACTORS

Our business is subject to risks of which you should be aware before making an investment decision. The risks described below are a summary of the principal risks associated with an investment in us and are not the only risks we face. You should carefully consider these risk factors, the risk factors described in Item 1A, and the other reports and documents that we have filed with the Securities and Exchange Commission ("SEC").

**Risks Related to our Finances and Capital Requirements**

- We have incurred significant losses since our inception and anticipate that we will incur continued losses for the foreseeable future.
- There is substantial doubt regarding our ability to continue as a going concern. We will need to raise additional financing in upcoming periods, which may not be available on acceptable terms to the Company, or at all. Failure to obtain necessary capital when needed may force us to delay, limit or terminate our commercial readiness efforts, activities to support a potential commercial launch following any approval of our product candidates, or other operations.
- We have not generated any revenue from our development stage products, and we do not know when, or if, we will generate any revenue.
- Our short operating history makes it difficult to evaluate our business and prospects.
- Our success is contingent upon raising additional capital, which efforts may fail. Even if successful, our future capital raising activities may dilute our current stockholders, restrict our operations, or cause us to relinquish proprietary rights.

**Risks Pertaining to our Business Strategy, Structure and Organization**

- Our future growth and success depend on our ability to successfully develop and commercialize our product candidates, which we have yet to do.
- Our growth and success depend on our acquiring or in-licensing products or product candidates and integrating such products into our business, and we may have limited growth opportunities if we fail to do so.
- Our future success is highly dependent on the successful development of our chimeric antigen receptor ("CAR") engineered T cell ("CAR T") technology and gene therapy product candidates.

**Risks Inherent in Drug Development and Commercialization**

- Preclinical development is highly speculative and carries a high failure risk.
- We may not receive the required regulatory approvals for any of our product candidates on our projected timelines, if at all, which may result in increased costs and delay our ability to generate revenue.
- We may not obtain the desired labeling claims or intended uses for product promotion, or favorable scheduling classifications, to successfully promote our products.
- If a product candidate demonstrates adverse side effects, we may need to abandon or limit the development of such product candidate.
- Even if a product candidate is approved, it may be subject to various post-marketing requirements, including studies or clinical trials, and increased regulatory scrutiny.
- Our competitors may develop treatments for our products' target indications, which could limit our product candidates' commercial opportunity and profitability.
- If our products are not broadly accepted by the healthcare community, the revenues from any such product will likely be limited.
- Any successful products liability claim related to any of our current or future product candidates may cause us to incur substantial liability and limit the commercialization of such products.
- Our gene therapy product candidates are based on a novel technology, which makes it difficult to predict the time and cost of product candidate development and subsequently obtaining regulatory approval.

**Risks Related to Reliance on Third Parties**

- We rely, and expect to continue to rely, on third parties to conduct our preclinical studies and clinical trials, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials or complying with applicable regulatory requirements.
- We contract with third parties for the manufacture of our product candidates for preclinical and clinical testing and may also do so for commercialization, if and when our product candidates are approved.

- We rely on clinical data and results obtained by third parties, which may prove inaccurate or unreliable.
- We may need to license certain intellectual property from third parties, and such licenses may not be available or may not be available on commercially reasonable terms.

**Risks Relating to Legislation and Regulation Affecting the Biopharmaceutical and Other Industries**

- We operate in a heavily regulated industry, and we cannot predict the impact that any future legislation or administrative or executive action may have on our operations.
- We may be subject to anti-kickback, fraud and abuse, false claims, transparency, health information privacy and security 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.
- We are subject to numerous environmental, health and safety laws and regulations and could become subject to fines or penalties or incur costs that could harm our business

**Risks Pertaining to Intellectual Property and Potential Disputes with Licensors Thereof**

- If we are unable to obtain and maintain sufficient patent protection for our technology and products, our competitors could develop and commercialize products similar or identical to ours and our ability to successfully commercialize our technology and products could be impaired.
- We depend on our licensors to maintain and enforce the intellectual property covering certain of our product candidates.
- We or our licensors may be subject to costly and time-consuming litigation for infringement of third-party intellectual property rights or to enforce our or our licensors' patents.
- Any dispute with our licensors may affect our ability to develop or commercialize our product candidates.

**Risks Relating to Our Control by Fortress Biotech, Inc. ("Fortress")**

- Fortress controls a voting majority of our common stock and has the right to receive significant share grants annually, which will result in dilution of our other stockholders and could reduce the value of our common stock.
- We have entered into certain agreements with Fortress and may have received better terms from unaffiliated third parties.

**Risks Related to Conflicts of Interest**

- We share certain directors with Fortress, which could create conflicts of interest between us and Fortress.

**General Risks**

- We have received notice from the Nasdaq Stock Market of non-compliance with its minimum bid price rules; our common stock may be subject to delisting from The Nasdaq Capital Market if we are unable to regain compliance which may decrease the market liquidity and market price of our common stock.

## PART I

### Item 1. Business

### OVERVIEW

Mustang Bio, Inc. ("Mustang," "we," "us" or the "Company") is a clinical-stage biopharmaceutical company focused on translating today's medical breakthroughs in cell and gene therapies into potential cures for hematologic cancers, solid tumors and rare genetic diseases. We aim to acquire rights to these technologies by licensing or otherwise acquiring an ownership interest in the technologies, funding their research and development and eventually either out-licensing or bringing the technologies to market.

Our pipeline is currently focused in three core areas: CAR T therapies for hematologic malignancies, CAR T therapies for solid tumors and gene therapies for rare genetic disorders. For each therapy we have partnered with world class research institutions. For our CAR T therapies we have partnered with the City of Hope National Medical Center ("COH"), Fred Hutchinson Cancer Center ("Fred Hutch"), Nationwide Children's Hospital ("Nationwide") and the Mayo Foundation for Medical Education and Research ("Mayo Clinic"). For our gene therapies,

we have partnered with St. Jude Children's Research Hospital ("St. Jude") in the development of a first-in-class*ex vivo* lentiviral treatment of X-linked severe combined immunodeficiency ("XSCID") and with Leiden University Medical Centre ("LUMC") for RAG1 severe combined immunodeficiency ("RAG1-SCID").

**CAR T Therapies**

Our pipeline of CAR T therapies is being developed under exclusive licenses from several world class research institutions. Our strategy is to license these technologies, support preclinical and clinical research activities by our partners and transfer the underlying technology to our cell processing facility located in Worcester, Massachusetts, in order to conduct our own clinical trials.

We are developing CAR T therapies for hematologic malignancies in partnership with COH targeting CD123 (MB-102) and CS1 (MB-104) and with Fred Hutch targeting CD20 (MB-106). Phase 1 clinical trials sponsored by COH for MB-102 and MB-104 and by Fred Hutch for MB-106 are underway. In July 2019 the FDA approved our IND application to initiate a multi-center Phase 1/2 clinical trial of MB-102, and our clinical trial began enrollment in 2020 for the treatment of patients with blastic plasmacytoid dendritic cell neoplasm ("BPDCN"). In May 2021, the FDA approved our IND application to initiate a multi-center Phase 1/2 clinical trial of MB-106, and our clinical trial began enrollment in 2022 for treatment of patients with non-Hodgkin lymphoma ("NHL") and chronic lymphocytic leukemia ("CLL"). We plan to file an IND for a multicenter Phase 1/2 trial for MB-104 for the treatment of patients with multiple myeloma once COH has established a safe and effective dose.

We are also developing CAR T therapies for solid tumors in partnership with COH targeting IL13Rα2 (MB-101), HER2 (MB-103) and PSCA (MB-105). In addition, we have partnered with Nationwide for the C134 oncolytic virus (MB-108) in order to enhance the activity of MB-101 for the treatment of patients with glioblastoma ("GBM"). Phase 1 clinical trials sponsored by COH for MB-101, MB-103 and MB-105 are underway. A Phase 1 clinical trial sponsored by the University of Alabama at Birmingham ("UAB") for MB-108 began during the third quarter of 2019, and we plan to file an IND for the combination of MB-101 and MB-108 – which is referred to as MB-109 – for the treatment of patients with relapsed or refractory GBM and anaplastic astrocytoma in 2023. In the third quarter of 2019, we announced that COH had started enrolling patients on a Phase 1 clinical trial of MB-101 in combination with nivolumab (trade name: Opdivo®) and ipilimumab (trade name: Yervoy®) in patients with recurrent malignant glioma (ClinicalTrials.gov Identifier: NCT04003649). In the fourth quarter of 2020 we announced that COH had initiated a Phase 1, two-arm clinical trial of MB-101 in patients with leptomeningeal brain tumors (e.g., glioblastoma, ependymoma or medulloblastoma; ClinicalTrials.gov Identifier: NCT04003649).

Finally, the Company is collaborating with the Mayo Clinic to develop a novel technology that may be able to transform the administration of CAR T therapies and potentially be used as an off-the-shelf therapy. Mustang plans to file an IND application for a multicenter Phase 1 clinical trial once a lead construct has been identified.

**Gene Therapies**

In partnership with St. Jude, our XSCID gene therapy programs (MB-107 and MB-207) are being conducted under an exclusive license to develop a potentially curative treatment for XSCID, a rare genetic immune system condition in which affected patients do not live beyond infancy without treatment. This first-in-class *ex vivo* lentiviral gene therapy has been evaluated in two Phase 1/2 clinical trials involving two different autologous cell products: an ongoing multicenter trial of the MB-107 product in newly diagnosed infants sponsored by St. Jude and a single-center trial of the MB-207 product in previously transplanted patients sponsored by the National Institutes of Health ("NIH"). In 2022, the NIH study was suspended as a result of the study stopping rules. In January 2021 we received a safe to proceed "approval" from the U.S. Food and Drug Administration ("FDA") for our MB-107 Investigational New Drug ("IND") application allowing us to initiate a pivotal non-randomized multicenter Phase 2 clinical trial of MB-107 in newly diagnosed infants with XSCID who are under the age of two. In January 2022, the FDA issued a clinical hold, pending additional Chemistry, Manufacturing and Controls ("CMC") data, on our IND application to conduct a pivotal non-randomized multicenter Phase 2 clinical trial of MB-207 in previously transplanted XSCID patients.

To date, we have not received approval for the sale of our product candidates in any market and, therefore, have not generated any product sales from our product candidates. In addition, we have incurred substantial operating losses since our inception, and expect to continue to incur significant operating losses for the foreseeable future and may never become profitable. As of December 31, 2022, we have an accumulated deficit of $329.4 million.

We are a majority-controlled subsidiary of Fortress.

## CORPORATE INFORMATION

Mustang Bio, Inc. was incorporated in Delaware on March 13, 2015. Our executive offices are located at 377 Plantation Street, Worcester, Massachusetts 01605. Our telephone number is (781) 652-4500, and our email address is info@mustangbio.com.

Our website address is www.mustangbio.com. The information set forth on our website is not a part of this report. We will make available free of charge through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to these reports, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the SEC. We are not including the information on our website as a part of, nor incorporating it by reference into, this report. The SEC maintains a website that contains annual, quarterly, and current reports, proxy and information statements, and other information that issuers (including us) file electronically with the SEC. The SEC's website address is https://www.sec.gov/.

## PRODUCTS UNDER DEVELOPMENT

### CAR T Therapies for Hematologic Malignancies

***MB-102 (CD123 CAR T Cell Program for BPDCN, AML and High-Risk MDS)***

CD123 is a subunit of the heterodimeric interleukin-3-receptor ("IL-3R") which is widely expressed on human hematologic malignancies including blastic plasmacytoid dendritic cell neoplasm ("BPDCN") and acute myeloid leukemia ("AML"). In addition, CD123 can be found on the surface of B cell acute lymphoblastic leukemia ("B-ALL"), hairy cell leukemia, myelodysplastic syndrome ("MDS"), chronic myeloid leukemia ("CML") and Hodgkin lymphoma.

Of these malignancies, we are currently investigating CD123 as a target for adoptive cellular immunotherapy in BPDCN, since high CD123 expression is associated with enhanced cell proliferation, increased resistance of these cells to apoptosis, and poor clinical prognosis. Depending on the early results in this patient population, we may broaden the inclusion criteria to include AML and high-risk MDS ("HR-MDS"). CD123 is overexpressed in the vast majority of cases of AML and HR-MDS and in essentially all cases of BPDCN.

AML is a cancer of the myeloid line of blood cells characterized by rapid growth of abnormal white blood cells that accumulate in the bone marrow. AML is the most common form of acute leukemia. Although AML is a relatively rare disease, there are approximately 20,000 new cases per year in the U.S. and 10,000 deaths per year, accounting for approximately 1.8% of cancer deaths in the U.S. [Source: The Surveillance, Epidemiology, and End Results ("SEER") Program of the National Cancer Institute]. AML standard of care involves chemotherapy to induce remission followed by additional chemotherapy or a hematopoietic stem cell transplant. Allogeneic stem cell transplantation ("allo-SCT") is the preferred treatment for AML following a second remission. It can lead to a 5-year disease-free survival in 26% of patients. Unfortunately, however, currently only about half of relapsed patients are able to achieve a second remission with traditional chemotherapy agents. Patients who do not achieve a second remission are much less likely to benefit from transplantation and face a dismal outcome.

MDS is a heterogeneous group of malignant hematopoietic stem cell disorders characterized by dysplastic and ineffective blood cell production and a variable risk of transformation to acute leukemia. Patients with MDS have varying reductions in the production of red blood cells, platelets, and mature granulocytes that may also exhibit functional defects; these abnormalities often result in anemia, bleeding, and increased risk of infection. The precise incidence of de novo MDS is not known; conservative estimates from cancer databases suggest that there are approximately 10,000 cases diagnosed annually in the U.S. The actual incidence of MDS is likely higher than that predicted by cancer databases, since the nonspecific symptoms may evade detection in early stages of the disease and suspected cases may not undergo definitive testing (i.e., bone marrow biopsy) due to comorbidities. Investigations that have analyzed reimbursement claims have estimated the incidence in the U.S. to be 30,000 to 40,000 new cases per year. MDS occurs most commonly in older adults, with a median age at diagnosis in most series of ≥65 years and a male predominance.

MDS and AML lie along a disease continuum, with distinction between the two largely made based upon the percentage of myeloblasts, which are immature cells with large nuclei, nucleoli, and a scant rim of dark blue cytoplasm, suggesting an underlying malignant hematologic disorder. In the current World Health Organization ("WHO") classification system, blast forms must account for less than 20% of the total cells of the bone marrow aspirate and peripheral blood to meet the criteria for MDS.

MDS prognosis is often assessed using the revised International Prognostic Scoring System ("IPSS-R"), which takes into account cytogenetics, percentage of bone marrow blasts, and the degree of anemia, thrombocytopenia, and neutropenia. This System categorizes patients into very low, low, intermediate, high, and very high risk MDS. High risk and very high risk MDS are characterized by more

unfavorable cytogenetics, bone marrow blast percentages greater than 5% but under the 20% threshold for AML, and worse cytopenias (anemia, thrombocytopenia, and neutropenia) – all of which cumulatively generate an IPSS-R score of >4.5 to 6 for high risk MDS and >6 for very high risk MDS. Furthermore, they are generally progressive in nature and can easily progress to AML. Treatment is stratified according to medical fitness in a manner similar to that for older patients with AML. Patients who are medically fit or of intermediate fitness are generally evaluated soon after diagnosis to determine their suitability for allo-SCT. For patients who are not candidates for intensive treatment, care is focused on relieving symptoms and improving the quality of life and might involve lower intensity treatment, for example, with azacitidine, decitabine, or targeted therapy. Patients with recurrent or refractory higher risk MDS may be encouraged to participate in clinical trials. Outside of a clinical trial, the management of patients with recurrent or refractory MDS is largely dependent on the patient's prior therapy.

BPDCN is categorized by the WHO under AML. Most often, BPDCN presents with features of both lymphoma and leukemia. There is little data about BPDCN and the only approved drug for this disease is tagraxofusp-erzs, which is indicated for the treatment of adult and pediatric patients with both treatment-naïve and previously-treated BPDCN. The average age at diagnosis is 60 to 70 years. BPDCN is very often misdiagnosed and under-reported. The skin is the most frequently involved site of disease (80 percent of cases). However, BPDCN usually progresses with bone marrow involvement and a decrease in red blood cell, white blood cell and platelet counts. The lymph nodes and spleen may also be involved. Common misdiagnoses for BPCDN include non-Hodgkin lymphoma ("NHL"), AML, leukemia cutis [a nonspecific term used for cutaneous (skin) manifestation of any type of leukemia], melanoma (a type of skin cancer), and lupus erythematosus (chronic inflammatory disease that occurs when the body's immune system attacks its own tissues and organs). There are no data or randomized clinical trials that can define the best first treatment for patients with BPDCN. In addition to the emerging use of tagraxofusp-erzs, which was approved by the FDA in December 2018, treatment sometimes includes therapies that are used for AML, ALL, or lymphoma. The time for which a patient responds to these treatments is usually short. After a relapse, second remissions with conventional chemotherapy are difficult to achieve. allo-SCT, especially if offered in first remission, may result in longer remissions. The current recommendation is for BPDCN patients to be evaluated for an allo-SCT as soon as possible and to begin searching for a donor.

The use of CAR T immunotherapy in relapsed BPDCN, AML, and HR-MDS patients may offer the potential to achieve a complete or longer lasting remission. COH investigators have developed CD123-targeted CAR T cells designed to be activated, to proliferate, and to kill CD123-expressing tumor cells [Mardiros A *et al. Blood*. 2013;122(18):3138-3148]. The therapy is designed to recognize and eliminate malignant cells, leading to remission in patients with relapsed or refractory BPDCN, AML, and HR-MDS, and could serve as a bridge to potentially curative allogeneic stem cell transplant. The manufacturing process genetically modifies T cells isolated from peripheral blood mononuclear cells in order to express a CD123-specific, hinge-optimized, CD28 co-stimulatory domain-expressing CAR.

In October 2020, we announced the dosing of the first patient in a multicenter Phase 1/2 clinical trial of MB-102 in patients with relapsed or refractory BPDCN (Clinicaltrials.gov Identifier: NCT04109482). This is also the first clinical trial under a Mustang IND in which a patient was dosed with cells processed in our manufacturing facility. In December 2022, we announced that the safety review team ("SRT"), after thoroughly reviewing the safety data from Dose Level 1 ($100 \times 10^6$ CAR T cells), unanimously recommended dose escalation to Dose Level 2 ($300 \times 10^6$ CAR T cells). We anticipate initiation of Dose Level 2 cohort in 2023.

***MB-104 (CS1 CAR T for Multiple Myeloma and Light Chain Amyloidosis)***

CS1 (also known as CD319, CRACC and SLAMF7) was identified as a natural killer ("NK") cell receptor regulating immune functions. It is also expressed on B cells, T cells, dendritic cells, NK-T cells, and monocytes. CS1 is overexpressed in multiple myeloma ("MM") and light chain amyloidosis ("AL"), which makes it a good target for immunotherapy. A humanized anti-CS1 antibody, elotuzumab (Empliciti™), has shown promising results in clinical studies and was initially approved by the FDA in 2015 in combination with lenalidomide and dexamethasone for the treatment of patients with multiple myeloma who have received one to three prior therapies. Despite great advances in treatment, MM remains an incurable malignancy of plasma cells. AL is a protein deposition disorder that is a result of a plasma cell dysplasia, similar to MM. Immunotherapy is an attractive approach for AL because of the low burden of disease. Our academic partners at COH have developed a novel second generation CS1-specific CAR T cell therapy. In preclinical studies, they have demonstrated efficacy of these CAR T cells, both *in vitro* and *in vivo*, within the context of clinically relevant models of MM and AL. COH is evaluating the safety of this CS1-specific CAR T cell therapy in a Phase 1 trial that commenced in the first half of 2019 (ClinicalTrials.gov Identifier: NCT03710421). Once COH has established a safe and effective dose for MB-104 in this trial, we expect to file an IND for a multicenter Phase 1/2 trial for the treatment of patients with MM.

***MB-106 (CD20 CAR T for B cell non-Hodgkin lymphoma (NHL) and chronic lymphocytic leukemia (CLL))***

CD20 is a promising target for immunotherapy of B-cell malignancies. CD20 is a B-cell lineage-specific phosphoprotein that is expressed in high, homogeneous density on the surface of more than 95% of B-cell NHL and CLL. CD20 is stable on the cell surface with minimal shedding, internalization, or modulation upon antibody binding and is present at only nanomolar levels as a soluble antigen. It is well established as an effective immunotherapy target, with extensive studies demonstrating improved tumor responses and survival of B-NHL patients treated with rituximab and other anti-CD20 antibodies. Importantly, CD20 continues to be expressed on the lymphoma cells of most patients with relapsed B-NHL despite repetitive rituximab treatments, and loss of CD20 expression is not a major contributor to treatment resistance. Thus, there is strong rationale for testing CD20 CAR T cells as an immunotherapy for NHL.

More than 80,000 new cases of NHL are diagnosed each year in the United States, and over 20,000 patients die of this group of diseases annually. Most forms of NHL including follicular lymphoma, mantle cell lymphoma, marginal zone lymphoma, lymphoplasmacytic lymphoma, and small lymphocytic lymphoma ("SLL"), which account collectively for ~45% of all cases of NHL, are incurable with available therapies, except for allo-SCT. However, many NHL patients are not suitable candidates for allo-SCT, and this treatment is also limited by significant rates of morbidity and mortality due to graft-versus-host disease. Aggressive B-cell lymphomas such as diffuse large B-cell lymphoma account for an additional 30-35% of NHL. The majority of patients with aggressive B-NHL are successfully treated with combination chemotherapy, but a significant proportion relapse or have refractory disease, and the outcome of these patients is poor. Innovative new treatments are therefore urgently needed.

Chronic lymphocytic leukemia/small lymphocytic lymphoma (CLL/SLL) is a mature B cell neoplasm characterized by a progressive accumulation of monoclonal B lymphocytes. CLL is considered to be identical (i.e., one disease with different manifestations) to the NHL SLL. The malignant cells seen in CLL and SLL have identical pathologic and immunophenotypic features. The term CLL is used when the disease manifests primarily in the blood, whereas the term SLL is used when involvement is primarily nodal.

CLL is the most common leukemia in adults in Western countries, accounting for approximately 25 to 35 percent of all leukemias in the United States. It is estimated that 18,740 new cases of CLL will be diagnosed in the United States in 2023. CLL is considered to be mainly a disease of older adults, with a median age at diagnosis of approximately 70 years; however, it is not unusual to make this diagnosis in younger individuals (e.g., from 30 to 39 years of age). The incidence increases rapidly with increasing age. The natural history of CLL is extremely variable, with survival times from initial diagnosis that range from approximately 2 to 20 years, and a median survival of approximately 10 years.

Most patients will have a complete or partial response to initial therapy. However, conventional therapy for CLL is not curative and most patients experience relapse. In addition, many patients will require a change in therapy due to intolerance. Since patients with CLL are generally elderly with a median age older than 70 years, and due to the relatively benign course of the disease in the majority of patients, only selected patients are candidates for intensive treatments such as allo-SCT. Innovative new treatments with a favorable safety profile are therefore urgently needed for patients with relapsed and refractory disease.

Under their IND, Fred Hutch is currently conducting a Phase 1/2 clinical study to evaluate the anti-tumor activity and safety of administering CD20-directed third-generation CAR T cells incorporating both 4-1BB and CD28 co-stimulatory signaling domains (MB-106) to patients with relapsed or refractory B-cell NHL or CLL (ClinicalTrials.gov Identifier: NCT03277729). Secondary endpoints of this study include safety and toxicity, preliminary antitumor activity as measured by overall response rate and complete remission rate, progression-free survival, and overall survival. The study is also assessing CAR T cell persistence and the potential immunogenicity of the cells. Finally, the study was designed so that Mustang together with Fred Hutch could determine a recommended Phase 2 dose. Fred Hutch intends to enroll approximately 50 subjects in the study, which is being led by Principal Investigator Mazyar Shadman, M.D., M.P.H., Assistant Member of Fred Hutch's Clinical Research Division.

The Fred Hutch IND was amended in 2019 to incorporate an optimized manufacturing process that had been developed in collaboration with Mustang.

In May 2021, we announced that the FDA had approved our IND application allowing for initiation of a multi-center Phase 1/2 clinical study of MB-106 in patients with relapsed or refractory B cell NHL or CLL (Clinicaltrials.gov Identifier: NCT05360238).

In November 2021, Mustang was awarded a grant of approximately $2 million from NCI of the National Institutes of Health. This two-year award will partially fund the Mustang-sponsored multicenter trial to assess the safety, tolerability and efficacy of MB-106.

**CAR T Therapies for Solid Tumors**

***MB-103 (HER2 CAR T for GBM & Metastatic Breast Cancer to Brain)***

HER2/neu ("HER2") is a growth-promoting protein on the outside of all breast cells. Breast cancer cells with higher-than-normal levels of HER2 are called HER2-positive ("HER2+"). These cancers tend to grow and spread faster than other breast cancers. Breast cancer is the most commonly diagnosed cancer in women, with over 42,000 women in the United States expected to die from advanced metastatic disease in 2023. Approximately 20% to 25% of breast cancers overexpress HER2, which is an established therapeutic target of both monoclonal antibodies (mAbs) and receptor tyrosine kinase inhibitors. With the advent of effective mAbs directed against HER2, the median overall survival of patients with metastatic HER2+ breast cancer has improved. However, management of metastatic disease in the brain and/or CNS – observed in up to 50% of HER2+ breast cancer patients – continues to be a clinical challenge in large part due to the inability of mAbs to sufficiently cross the blood-brain barrier. Although small-molecule inhibitors of HER2 exist and have been clinically approved, their single-agent efficacy in the context of metastatic disease to the brain has been limited. While HER2-targeted therapy in combination with conventional agents has shown some promise for the treatment of patients with metastatic breast cancer, control of brain metastases remains a significant unmet clinical need, as most patients survive less than two years following CNS involvement. Recent advances in cellular immunotherapy approaches have underscored the potential for potent antitumor immune responses and clinical benefit against solid cancers, and these approaches may be effective in the treatment of HER2+ cancers – in particular breast cancer – that have metastasized to the brain. Likewise, HER2 has been suggested as a suitable target for GBM, wherein elevated HER2 protein levels have been correlated with impaired survival.

CAR T cell immunotherapy is being actively investigated for the treatment of solid tumors, including HER2+ cancers. Our academic partners at COH have developed a second-generation HER2-specific CAR T cell therapy for the treatment of brain and/or leptomeningeal metastases from HER2+ cancers, as well as for the treatment of refractory/relapsed HER2+ GBM. COH's preclinical data demonstrate effective targeting of breast cancer brain metastases with intraventricular delivery of CAR T cells expressing HER2-CARs that contain the 4-1BB costimulatory domain. COH is evaluating the safety of this HER2-specific CAR T cell therapy in two ongoing Phase 1 clinical trials that commenced in the fourth quarter of 2018 (ClinicalTrials.gov Identifier: NCT03389230 for HER2+ GBM; ClinicalTrials.gov Identifier: NCT03696030 for HER2+ brain metastases).

***MB-105 (PSCA CAR T for Prostate & Pancreatic Cancers)***

PSCA is a glycosylphosphatidylinositol-anchored cell membrane glycoprotein. In addition to being highly expressed in the prostate it is also expressed in the bladder, placenta, colon, kidney, and stomach. This gene is upregulated in a large proportion of prostate cancers and is also detected in cancers of the bladder and pancreas. The gene includes a polymorphism that results in an upstream start codon in some individuals; this polymorphism is thought to be associated with a risk for certain gastric and bladder cancers. Prostate cancer may be amenable to T cell-based immunotherapy since several tumor antigens, including prostate stem-cell antigen ("PSCA"), are widely overexpressed in metastatic disease. Our academic partners at COH have developed a second-generation PSCA-specific CAR T cell therapy that has demonstrated robust *in vitro* and *in vivo* anti-tumor activity in patient-derived, clinically relevant, bone-metastatic prostate cancer xenograft models. COH is evaluating the safety of this PSCA-specific CAR T cell therapy in an ongoing Phase 1 trial treating patients with PSCA+ metastatic castration-resistant prostate cancer (ClinicalTrials.gov Identifier: NCT03873805).

In October 2020,we announced initial data from this Phase 1 clinical trial in patients with PSCA-positive castration-resistance prostate cancer ("CRPC"). In the presentation at the 2020 Annual Prostate Cancer Foundation Scientific Retreat, the COH principal investigator reported results from a highly refractory patient treated with MB-105 who experienced a 94 percent reduction in prostate-specific antigen ("PSA"), a nearly complete reduction of measurable soft tissue metastasis by computerized tomography, and improvement in bone metastases by magnetic resonance imaging.

**MB-109: Combination MB-101*(IL13Rα2 CAR T Cell Program for Glioblastoma)* and MB-108 *(HSV-1 oncolytic virus C134) as a Potential Treatment for IL13Rα2+ Relapsed or Refractory Glioblastoma (GBM) and Anaplastic Astrocytoma (AA).***

An attractive novel approach to control glioblastoma is adoptive cellular immunotherapy utilizing CAR T cells. CAR T cells can be engineered to recognize very specific antigenically distinct tumor populations and to migrate through the brain parenchyma to kill malignant cells. In addition, oncolytic viruses ("OVs") have been developed to effectively infect and kill cancer cells in the tumor, as well as modify the microenvironment to increase tumor immunogenicity and immune cell trafficking within the tumor. Due to these properties, OVs have been studied in combination with other treatments to enhance the effectiveness of immunotherapies.

Preliminary anti-tumor activity has been observed in clinical studies administering the OV (MB-108) and CAR T cell therapy (MB-101) as single agents; however, the combination has not yet been explored. To determine if the combination of both therapies will result in a synergistic effect, investigators from COH developed preclinical studies in orthotopic GBM models in nude mice. Dr. Christine Brown from City of Hope presented these preclinical studies at the American Association for Cancer Research 2022 annual meeting. It was observed that co-treatment with C134 OV and IL13Rα2-directed CAR-T cells gave no adverse reaction and, more notably, that pre-treatment with C134 re-shaped the tumor microenvironment by increasing immune cell infiltrates and enhanced the efficacy of sub-therapeutic doses of CAR-T cell therapy delivered either intraventricularly or intratumorally. These preclinical studies aimed to provide a deeper understanding of this combination approach to support the potential benefit of a combination study that will evaluate C134 OV (MB-108) and IL13Rα2-directed CAR-T cells (MB-101).

We received Pre-IND Written Responses from the FDA in May 2022, and we expect to file an IND for the combination trial of C134 oncolytic virus (MB-108) and IL13Rα2-directed CAR- T cells (MB-101) in 2023. In the planned Phase 1 clinical study, we intend to evaluate the combination of CAR-T cells (MB-101) and the C134 oncolytic virus (MB-108) in patients with IL13Rα2+ high-grade gliomas. The proposed design of this study will investigate increasing doses of intratumorally administered MB-108 followed by dual intratumoral (ICT) and intraventricular (ICV) administration of MB-101.

***MB-101 (IL13Rα2 CAR T Cell Program for Glioblastoma)***

GBM is the most common brain and central nervous system ("CNS") cancer, accounting for 49.1% of malignant primary brain and CNS tumors, 54% of all gliomas, and 16% of all primary brain and CNS tumors. More than 13,000 new glioblastoma cases were predicted in the U.S. for 2022. Malignant brain tumors are the second leading cause of cancer-related deaths in adolescents and young adults aged 15-39 and the most common cancer occurring among 15-19-year-olds in the U.S. While GBM is a rare disease [2-3 cases per 100,000 persons per year in the U.S. and European Union ("EU")], it is quite lethal, with five-year survival rates historically under 10%. Standard of care therapy consists of maximal surgical resection, radiation, and chemotherapy with temozolomide, which, while rarely curative, is shown to extend median overall survival from 4.5 to 15 months. GBM remains difficult to treat due to the inherent resistance of the tumor to conventional therapies.

Immunotherapy approaches targeting brain tumors offer promise over conventional treatments. IL13Rα2 is an attractive target for CAR T therapy, as it has limited expression in normal tissue but is overexpressed on the surface of greater than 50% of GBM tumors. CAR-T cells are designed to express membrane-tethered IL-13 receptor ligand ("IL-13") mutated at a single site (glutamic acid at position 13 to a tyrosine; E13Y) with high affinity for IL13Rα2 and reduced binding to IL13Rα1 in order to reduce healthy tissue targeting (Kahlon KS *et al. Cancer Research.* 2004;64:9160-9166).

We are developing an optimized CAR-T product incorporating enhancements in CAR-T design and T cell engineering to improve antitumor potency and T cell persistence. These include a second-generation hinge-optimized CAR containing mutations in the IgG4 linker to reduce off-target Fc interactions (Jonnalagadda M *et al. Molecular Therapy.* 2015;23(4):757-768.), a 4-1BB (CD137) co-stimulatory signaling domain for improved survival and maintenance of CAR T cells, and the extracellular domain of CD19 as a selection/tracking marker. In order to further improve persistence, either central memory T-cells ($T_{CM}$) or enriched CD62L+ naïve and memory T cells ($T_{N/MEM}$) are isolated and enriched. Our manufacturing process limits *ex vivo* expansion, which is designed to reduce T cell exhaustion and maintain a $T_{CM}$ or $T_{N/MEM}$ phenotype. Based on experiments with CAR-Ts in mouse xenograft models of GBM, these CAR-modified $T_{CM}$ and $T_{N/MEM}$ cells have been shown to be more potent and persistent than earlier generations of CAR-T cells.

Our academic partners at COH have completed a Phase 1 study to assess the feasibility and safety of using $T_{CM}$ or $T_{N/MEM}$ enriched IL13Rα2-specific CAR-engineered T cells for clinical study participants with recurrent/refractory malignant glioma (ClinicalTrials.gov Identifier: NCT02208362). As of May 2022 COH had enrolled and treated 65 patients. Preliminary data for patients enrolled in Arm 2 of the protocol (the "Intracavitary Arm") were presented at the annual meeting of the American Association for Cancer Research in April 2018. The data indicated that the CAR-T cells were well tolerated, and no dose-limiting toxicities had been observed. In 2016 COH reported that a patient had achieved a complete response to treatment based on the imaging and clinical features set forth by the Response Assessment in Neuro-Oncology Criteria ("RANO"). This result was published as a case report in the *New England Journal of Medicine* (Brown CE et al. *NEJM.* 2016;375:2561-9). As described in the paper, this patient diagnosed with recurrent multifocal glioblastoma received multiple infusions of IL13Rα2-specific CAR-T cells over 220 days through two intracranial delivery routes – infusions into the resected tumor cavity followed by infusions into the ventricular system. Intracranial infusions of IL13Rα2-targeted CAR-T cells were not associated with any toxic effects of grade 3 or higher. After CAR-T cell treatment, regression of all intracranial and spinal tumors was observed, along with corresponding increases in levels of cytokines and immune cells in the cerebrospinal fluid. This clinical response was sustained for 7.5 months after the initiation of CAR T-cell therapy; however, the patient's disease eventually recurred at four new locations that were distinct and non-adjacent to the original tumors, and biopsy of one of these lesions showed decreased expression of IL13Rα2. With

enrollment in this Phase 1 study completed, COH has established the recommended Phase 2 dose, schedule and route of administration, as well as the optimal T cell selection.

Results from this COH study have laid the foundation for 3 new MB-101 studies:

1. MB-101 with or without nivolumab and ipilimumab in treating patients with recurrent or refractory glioblastoma (currently enrolling patients; ClinicalTrials.gov Identifier: NCT04003649) sponsored by COH;

2. MB-101 in treating patients with recurrent or refractory glioblastoma with a substantial component of leptomeningeal disease (currently enrolling patients; ClinicalTrials.gov Identifier: NCT04661384) sponsored by COH;

3. MB101 in combination with the C134 oncolytic virus (MB108) in treating patients with recurrent or refractory glioblastoma or anaplastic astrocytoma (IND filing expected in 2023). This combination therapy, to be administered in a phase 1 two-center trial under Mustang IND, will be referred to as MB-109.

**Technology to Convert GBM from an Immunologically Cold Tumor to an Immunologically Hot Tumor**

***MB-108 (HSV-1 oncolytic virus C134)***

MB-108 is a next-generation oncolytic herpes simplex virus ("oHSV") that is conditionally replication competent; that is, it can replicate in tumor cells, but not in normal cells, thus killing the tumor cells directly through this process. Replication of C134 in the tumor itself not only kills the infected tumor cells but causes the tumor cell to act as a factory to produce new virus. These virus particles are released as the tumor cell dies and can then proceed to infect other tumor cells in the vicinity and continue the process of tumor kill. In addition to this direct oncolytic activity, the virus promotes an immune response against surviving tumor cells, which increases the antitumor effect of the therapy. The virus expresses a gene from another virus from the same overall virus family, human cytomegalovirus, which allows it to replicate better in the tumor cells than its first-generation predecessors. However, the virus has also been genetically engineered to minimize the production of any toxic effects for the patient receiving the therapy.

To improve this virus over its first-generation predecessors, modifications have focused on improving viral replication and spread within the tumor bed and on enhancing bystander damage to uninfected tumor cells. These effects cumulatively should result in converting an immunologically cold tumor to an immunologically hot tumor, which Mustang anticipates will increase the efficacy of its IL13Rα2-directed CAR T for the treatment of GBM and anaplastic astrocytoma.

UAB is the clinical trial site for the Phase 1 trial of MB-108, and the site has initiated a Phase 1 trial that began enrolling patients in 2019 (ClinicalTrials.gov Identifier: NCT03657576). The primary objective of this study is to determine the safety and tolerability of stereotactic intracerebral injections of escalating doses of MB-108 and to determine the maximally tolerated dose ("MTD") of the oncolytic virus. Secondary objectives are to obtain preliminary information about the potential benefit of MB-108 in the treatment of patients with recurrent malignant gliomas, including relevant data on markers of efficacy, including time to tumor progression and patient survival. This trial has been on clinical hold since September 2022 due to toxicity, and UAB expects FDA clearance in 2023 in order to resume enrolling patients at a lower dose level.

**In Vivo CAR T Platform Technology**

Mustang is collaborating with the Mayo Clinic to develop a novel technology that may be able to transform the administration of CAR T therapies and potentially be used as an off-the-shelf therapy. The technology, developed by Larry R. Pease, Ph.D., principal investigator and former director of the Center for Immunology and Immune Therapies at Mayo Clinic, is a new platform to administer CAR T therapy using a two-step approach. First, a peptide is administered to the patient to drive the proliferation of the patient's resident T cells. This is followed by the administration of a viral CAR construct directly into the lymph nodes of the patient. In turn, the viral construct infects the activated T cells and effectively forms CAR T cells *in vivo* in the patient. Successful implementation may lead to an off-the-shelf product with no need to isolate and expand patient T cells *ex vivo*.

Preclinical proof-of-concept has been established, and the ongoing development of this technology will take place at Mayo Clinic. Mustang plans to file an IND application for a multicenter Phase 1 clinical trial once a lead construct has been identified.

**Gene Therapies for Rare Genetic Disorders**

***MB-107 and MB-207 (Ex vivo Lentiviral Therapy for X-linked Severe Combined Immunodeficiency (XSCID))***

XSCID is a rare genetic immune system condition that occurs almost exclusively in males, in which affected patients do not live beyond infancy without treatment. Mustang Bio's first-in-class *ex vivo* lentiviral gene therapy for XSCID has been administered as two distinct cellular products using the same lentiviral vector in two phase 1/2 clinical trials: (1) an ongoing multicenter trial of MB-107 in newly diagnosed patients being led by St. Jude and including also UCSF Benioff Children's Hospital San Francisco ("UCSF") and Seattle Children's Hospital ("Seattle Children's") (ClinicalTrials.gov Identifier: NCT01512888) and (2) a single center trial of MB-207 at the NIH in patients who have previously undergone hematopoietic stem cell transplantation (ClinicalTrials.gov Identifier: NCT01306019).

**MB-207 (previously transplanted patients):**

The last peer-reviewed presentation by the NIH Principal Investigator, Dr. Harry Malech, occurred at the 61st Annual Meeting of the American Society of Hematology ("ASH") in December 2019, at which time 24 patients had been treated in total. Eleven patients under the age of two years had been treated at St. Jude and UCSF and thirteen patients 3 to 34 years of age had been treated at the NIH.

The existing data from these 24 patients were encouraging. In the initial stage of accrual to the Phase 1/2 NIH trial, eight patients (referred to as Cohort A) were followed for 3 to 7 years. Among Cohort A, seven patients aged 3 to 23 years increased host T cells chimerism from 0-2% to 28-93% and had normal T cell proliferation response. These seven patients also normalized their IgM levels, and four of these patients were able to discontinue immunoglobulin replacement therapy. In addition, gradual clinical benefit was observed in the clearance of chronic norovirus and associated abdominal complaints, malabsorption, and growth retardation, with six of seven affected patients being cured of their disease. Five of six patients resolved their protein-losing enteropathy.

While the Cohort A results were impressive, the relatively inefficient transduction of hematopoietic stem/progenitor cells ("HSPCs") required large quantities of vector. This resulted in relatively low vector copy number in myeloid cells in some patients, with delayed immune cell recovery and persistent clinical disease, especially in the last patient treated (patient 8). To address this, NIH developed a refined enhanced transduction ("ET") procedure and incorporated two transduction enhancers: LentiBOOST™ 1mg/mL and dimethyl prostaglandin 2 (dmPGE2; 1μM) into the manufacturing process from MB-207.

In addition to the Cohort A results, the NIH presentation at the 2019 ASH Annual Meeting included data from six ET patients (referred to as Cohort B) treated from February to June 2019, including re-treatment of patient 8. Prior to undergoing gene therapy, the patients, who were aged 12 to 36 years, had significant problems with donor T cell infiltration of liver, bone marrow and kidneys and had nearly absent B and NK cells. The ET procedure achieved much greater transduction efficiencies than were observed in Cohort A, with greater than 10-fold less vector, and resulted in faster immune reconstitution and more significant clinical benefit by 3 months. As noted by the investigators, longer follow-up will be required to know if the increased vector marking using the ET regimen will prove to be stable and safe long term.

In all NIH patients, the low-dose, nonmyeloablative busulfan pretreatment conditioning was well tolerated, and of a low enough intensity to avoid the need for transfusions of red blood cells or platelets. No evidence of malignant transformation was observed.

In a press release dated February 2, 2021, we further disclosed that, of the 6 Cohort A patients who were alive at the time of the 2019 NIH data readout and who did not undergo repeat therapy, 3 patients were able to discontinue chronic intravenous immunoglobulin (IVIG) and experienced sustained restoration of humoral responses to immunization. The remaining 3 patients had reduced IVIG requirements. All chronic norovirus infections were resolved, and the quality of life of all patients had improved significantly. The original 6 patients in Cohort B also continued to do well, with the longest follow-up being 22 months. Two additional patients were successfully treated with transduction enhancers, for a total of 8 patients in Cohort B. As was the case in Cohort A, no serious adverse events related to treatment were reported other than hematologic related to low-dose busulfan conditioning, and there was no evidence of malignant transformation.

As a result of the study stopping rules, the NIH study was suspended in 2022 due to the presence of clonal expansion in the myeloid lineage in 10% of the treated patients, although to date there have been no observations of insertional mutagenesis or malignancies. All patients continue to be followed and remain clinically stable with no significant hematological anomalies. Upon review of these data, the FDA agree that the risk-benefit ration of both MB-107 and MB-207 remains favorable to support moving forward with the Mustang-sponsored multicenter clinical trials once Mustang has appropriately addressed other items flagged by the Agency.

The IND for MB-207 was submitted to the FDA in December 2021. In January 2022, the FDA issued a clinical hold, pending additional CMC data. In order to lift this clinical hold and receive an FDA safe-to-procced for the IND, we believe the most critical activities will be

to (1) perform process validation manufacturing runs using healthy donor material and (2) ensure qualification of all assays related to the product release. Following completion of these activities and the earliest release of the clinical hold by FDA, we expect to enroll the first patient in a pivotal multicenter Phase 2 clinical trial in 2023.

MB-207 received Orphan Drug Designation from the FDA in September 2020. The FDA also granted Rare Pediatric Disease Designation for MB-207 in August 2020. If Mustang's BLA for MB-207 is approved, the Company may be eligible to receive a priority review voucher for this product as well, which can also be redeemed to obtain priority review for any subsequent marketing application and may be sold or transferred. The European Medicines Agency ("EMA") granted Advanced Therapy Medicinal Product ("ATMP") classification to MB-207 in April 2020 and Orphan Drug designation in April 2021.

**MB-107 (newly diagnosed patients):**

Interim Phase 1/2 data on treatment of newly diagnosed infants under the age of two with the same LV vector used in MB-107 were updated at an oral presentation at the American Society of Gene & Cell Therapy ("ASGCT") 25$^{th}$ Annual Meeting held from May 16-19, 2022. The data included 23 infants with XSCID treated with the LV vector at a median age of 3 months (range: 2 months to 14 months) with a median follow-up of 2.4 years (range: 1.4 months to 5.4 years), making it the largest known cohort of infants treated with LV gene therapy with the longest follow-up. Transduced autologous bone marrow CD34+ cells were generated for all patients with a median vector copy number (VCN) of 0.81/cell (range: 0.16-1.81), and a median CD34+ cell dose of 9.61x10$^{6}$/kg (range 4.40-18.95). Prior to the infusion of cells, patients received busulfan targeted to a cumulative area-under-the-curve (cAUC) of 22 mg*hr/L. Severe adverse events occurred in three patients (two patients with pancytopenia and hemolytic anemia, and one patient with delayed neutrophil engraftment), and all resolved.

Seventeen of 18 patients with a follow-up of > 6 months achieved robust immune reconstitution [median CD3+ 2,545/µL, CD4+ 1,568/µL, CD4+/CCR7+/CD45R0- 1,416/µL]. In these 17 patients, T cells matured appropriately as assessed by normal T cell receptor excision circles (TRECs) and TCRvβ repertoire diversity and were functional as judged by phytohemagglutinin activation ("PHA"). All patients were alive with stable vector marking in all cell lineages. In addition, 15 patients had discontinued intravenous immunoglobulin, and 12 patients had been successfully immunized. No evidence of clonal expansion or malignant transformation was observed.

The MB-107 timeline has been extended due to unanticipated issues related to the materials used in manufacturing. These issues were communicated to the FDA and the Company received a written response on August 26, 2022. The FDA response provided additional direction enabling us to effectively continue to work with our outside suppliers. We are working towards enrolling the first patient in a pivotal multicenter Phase 2 clinical trial under our IND in 2023.

MB-107 received Orphan Drug Designation in August 2020 and Rare Pediatric Disease and Regenerative Medicine Advanced Therapy ("RMAT") designations in August 2019. Finally, the FDA designated MB-107 a Rare Pediatric Disease in August 2020.

The FDA grants Rare Pediatric Disease Designation for serious and life-threatening diseases that primarily affect children ages 18 years or younger and affect fewer than 200,000 people in the United States. If Mustang's BLA for MB-107 is approved, the Company may be eligible to receive a priority review voucher, which can be redeemed to obtain priority review for any subsequent marketing application and may be sold or transferred. This program is intended to encourage development of new drugs and biologics for the prevention and treatment of rare pediatric diseases.

The EMA, granted Priority Medicines ("PRIME") designation to MB-107 in July 2021, and ATMP classification to MB-107 in April 2020 and Orphan Drug designation in November 2020.

***MB-110 (Ex vivo Lentiviral Therapy for RAG1 Severe Combined Immunodeficiency (SCID))***

Under an exclusive license and in partnership with LUMC, MB-110, a first-in-class*ex vivo* treatment for RAG1 SCID, is under development. Severe combined immunodeficiency ("SCID") due to complete recombinase-activating gene-1 (RAG1) deficiency is a rare, genetic disorder due to null mutations in the RAG1 gene resulting in less than 1% of wild type V(D)J recombination activity. Neonatal patients present with life-threatening, severe, recurrent infections by opportunistic fungal, viral and bacterial micro-organisms, as well as skin rashes, chronic diarrhea, failure to thrive and fever. Immunologic observations include profound T and B cell lymphopenia, low or absent serum immunoglobulins, and normal natural killer cell counts. As is the case with other types of SCID, RAG1-SCID is fatal in infancy unless immune reconstitution is achieved with hematopoietic stem cell transplantation (HSCT).

MB-110, which includes low-dose conditioning prior to reinfusion of the patients' own gene-modified blood stem cells, is currently being evaluated in a Phase 1/2 multicenter clinical trial in Europe. The ongoing clinical trial has enrolled its first patient, and additional clinical

sites are expected to be added in the near future. The RAG1-SCID program has been granted Orphan Drug Designation by the European Medicines Agency.

Mustang also established an ongoing partnership with Frank J. Staal, Ph.D., professor of Molecular Stem Cell Biology and molecular immunologist at LUMC, whose laboratory developed the MB-110 therapy. Dr. Staal will continue the development of additional LV gene therapies in his lab, to which Mustang Bio has rights under the agreement.

**INTELLECTUAL PROPERTY AND PATENTS**

***General***

Our goal is to obtain, maintain and enforce patent protection for our products, formulations, processes, methods and other proprietary technologies, preserve our trade secrets, and operate without infringing on the proprietary rights of other parties, both in the U.S. and in other countries. Our policy is to actively seek to obtain, where appropriate, the broad intellectual property protection for our product candidates, proprietary information and proprietary technology through a combination of contractual arrangements and patents, both in the U.S. and elsewhere in the world.

We also depend upon the skills, knowledge and experience of our scientific and technical personnel, as well as that of our advisors, consultants and other contractors ("know-how"). To help protect our proprietary know-how which is not patentable, and for inventions for which patents may be difficult to enforce, we rely on trade secret protection and confidentiality agreements to protect our interests. To this end, we require all employees, consultants, advisors and other contractors to enter into confidentiality agreements which prohibit the disclosure of confidential information and, where applicable, require disclosure and assignment to us of the ideas, developments, discoveries and inventions that they generate or make, and which are important to our business.

Patents and other proprietary rights are crucial to the development of our business. We will be able to protect our proprietary technologies from unauthorized use by third parties only to the extent that our proprietary rights are covered by valid and enforceable patents, supported by regulatory exclusivity or are effectively maintained as trade secrets. We have a few patents and patent applications related to our compounds and other technology, but we cannot guarantee the scope of protection of the issued patents, or that such patents will survive a validity or enforceability challenge, or that any of the pending patent applications will issue as patents.

Generally, patent applications in the U.S. are maintained in secrecy for a period of 18 months or more. The patent positions of biotechnology and pharmaceutical companies are highly uncertain and involve complex legal and factual questions. Therefore, we cannot predict the breadth of claims allowed in biotechnology and pharmaceutical patents, or their enforceability. To date, there has been no consistent policy regarding the breadth of claims allowed in biotechnology patents. Third parties or competitors may challenge or circumvent our patents or patent applications, if issued. If our competitors prepare and file patent applications in the U.S. that claim technology also claimed by us, we may have to participate in interference or derivation proceedings declared by the U.S. Patent and Trademark Office ("USPTO") to determine priority of invention, which could result in substantial cost, even if the eventual outcome is favorable to us. Because of the extensive time required for development, testing and regulatory review of a potential product, it is possible that before we commercialize any of our products, any related patent may expire or remain in existence for only a short period following commercialization, thus reducing any advantage of the patent. However, the life of a patent covering a product that has been subject to regulatory approval may have the ability to be extended through the patent restoration program, although any such extension could still be minimal. Additionally, statutory caps impose further limitation on any such extensions.

If a patent is issued to a third party containing one or more preclusive or conflicting claims, and those claims are ultimately determined to be valid and enforceable, we may be required to obtain a license, if available, under such patent or to develop or obtain alternative technology. In the event of litigation involving a third party claim, an adverse outcome in the litigation could subject us to significant liabilities to such third party, require us to seek a license for the disputed rights from such third party, and/or require us to cease use of the technology. Further, our breach of an existing license or failure to obtain a license to technology required to commercialize our products may seriously harm our business. We also may need to commence litigation to enforce any patents issued to us or to determine the scope and validity of third party proprietary rights. Litigation would not only involve substantial costs but would also involve substantial time commitments on the part of our key executives and research and development personnel.

In March 2015, we licensed intellectual property related to CAR T technology from COH. The portfolio of rights licensed from COH now includes patents and application directed to CARs targeting IL13Rα2, CD123, CS1, HER2, and PSCA, as well as rights related to modified CAR hinge regions and methods of preparing CAR T cells in particular subpopulations of cell and administering CAR T cells. The intellectual property licensed thereunder relating to IL13Rα2-targeting CARs includes granted patents in the U.S., Australia, China, Europe,

Russia, Japan, Hong Kong, Israel, and Mexico, and this patent family further includes pending applications in the U.S., Australia, Brazil, Canada, China, Europe, South Korea, Russia, Japan, Israel, Mexico, and New Zealand. Any patents issuing from the IL13Rα2-targeting CAR will expire no sooner than 2035. The licensed intellectual property relating to relating to CD123-targeting CARs includes issues patents in the U.S., China, Europe, Hong Kong, Israel, Japan, South Korea, and Mexico, and this patent family further includes pending applications in the U.S., Australia, Brazil, China, Europe, Hong Kong, Israel, Japan, South Korea, Mexico, and New Zealand. Any patents issuing from the CD123-targeting CAR will expire no sooner than 2033. The licensed intellectual property relating to relating to CS1-targeting CARs includes issues patents in the U.S., Australia, Israel, and Russia, as well as pending applications in the U.S., Australia, Brazil, Canada, China, Europe, Hong Kong, Israel, South Korea, Mexico, Japan, Russia, and New Zealand. Any patents issuing from the CS1-targeting CAR will expire no sooner than 2035, and some patents relating to particular methods involving CS1-targeting CARs will expire no sooner than 2038. The licensed intellectual property relating to relating to HER2-targeting CARs includes issues patents in Japan and Russia, as well as pending applications in the U.S., Australia, Brazil, Canada, China, Europe, Hong Kong, Israel, Japan, South Korea, Russia, Mexico, and New Zealand. Any patents issuing from the HER2-targeting CAR will expire no sooner than 2036. The licensed intellectual property relating to relating to PSCA-targeting CARs includes issues patents in Europe and Hong Kong, as well as pending applications in the U.S., Australia, Brazil, Canada, China, Europe, Hong Kong, Israel, Japan, South Korea, Russia, and New Zealand. The licensed intellectual property relating to relating modified CAR hinge regions includes issues patents in China, Europe, and Japan, as well as pending applications in the U.S., Australia, China, and Europe. The patents issuing from the modified CAR hinge region family will expire no sooner than 2034. The licensed intellectual property relating to relating to method of preparing or administering CAR T cells includes issues patents in China, Europe, and Japan, as well as pending applications in the U.S., Australia, Brazil, Canada, China, Europe, Hong Kong, Japan, Israel, Mexico, Russia, and New Zealand. The patents relating to these technologies will expire no sooner than 2035 or, in the case of the administration methods, 2036.

Also, in March 2015, we executed a sponsored research agreement with COH, pursuant to which research is performed in the laboratory of Drs. Stephen Forman and Christine Brown. The sponsored research agreement gives us the right to first negotiation under specified maximum terms regarding any future inventions arising from the laboratory.

In May 2017, we licensed intellectual property related to CAR T technology for targeting CD20 from Fred Hutch. The intellectual property includes an international application under the Patent Cooperation Treaty (i.e., a PCT application), which has now matured into several issued patents, including issued patents in the U.S. and Europe, as well as pending applications in the U.S., Australia, Brazil, Canada, China, Europe, Hong Kong, Israel, Japan, South Korea, Mexico, New Zealand, and Russia. These applications contain claims relating to various CD20-targeting CAR constructs and CAR T cells, as well as methods of making and using the same. The national stage applications claiming priority to the PCT application were filed in May 2018 in order to begin substantive examination of the claims. Patents maturing from these national stage applications will expire no sooner than March 2037.

In March 2017, we licensed intellectual property related to antibodies and binding agents that specifically bind to PSCA from the University of California Los Angeles ("UCLA"). The intellectual property includes multiple granted patents and pending applications from around the world including the U.S., Europe, Japan, China, and Canada. The granted patents and patents maturing from the pending applications will expire no sooner than March 2027.

In August 2018, we licensed from St. Jude Children's Research Hospital XSCID Technology related to an *ex vivo* lentiviral vector gene therapy program to provide a normal copy of the *IL2RG* gene to patients born with XSCID.

In February 2019, we licensed Material and Technical Information related to the HSV-1 oncolytic virus C134 from Nationwide in Columbus, Ohio.

In August 2019, we licensed from CSL Behring (Calimmune) the Cytegrity™ stable producer cell line developed and used by St. Jude. The Cytegrity™ stable producer cell line will be used to produce the viral vector for MB-107.

In September 2020, we entered into an exclusive, worldwide licensing agreement with SIRION Biotech for the rights to SIRION's LentiBOOST™ technology for the development of MB-207. This license includes right to granted patents and pending applications in the U.S., Europe, Japan, and Israel. In December 2021 this licensing agreement was amended to include CD20-directed CAR Ts in addition to lentiviral stem cell gene therapy for the treatment of XSCID.

In November 2021, we entered into an exclusive, worldwide licensing agreement with Leiden University Medical Centre for a first-in-class *ex vivo* lentiviral gene therapy for the treatment of RAG1 severe combined immunodeficiency ("RAG1-SCID").

In August 2021, we entered into an exclusive license agreement with Mayo Clinic for a novel technology that may be able to transform the administration of CAR T therapies and potentially allow such therapies to be used as an off-the-shelf therapy.

In addition to the technology the Company has in-licensed, Mustang has also developed its own proprietary intellectual property, both alone and in conjunction with COH. In particular, Mustang filed a U.S. provisional application directed to optimized methods for manufacturing cell-based therapeutics, and Mustang and COH, as co-applicants, filed a U.S. provisional application directed to methods of treating hematological cancers.

In addition to the technology the company has in-licensed, Mustang has also developed its own proprietary intellectual property, both alone and in conjunction with COH. In particular, Mustang owns pending applications in the U.S. and Europe directed to methods for manufacturing cell-based therapeutics, and pending applications in the U.S., Taiwan, and PCT relating to anti-idiotype antibodies. Mustang and COH also own as co-applicants pending application in the U.S., Taiwan, and PCT directed to methods of treating hematological cancers with a combination therapy.

***Other Intellectual Property Rights***

We depend upon trademarks, trade secrets, knowhow and continuing technological advances to develop and maintain our competitive position. To maintain the confidentiality of trade secrets and proprietary information, we require our employees, scientific advisors, consultants and collaborators, upon commencement of a relationship with us, to execute confidentiality agreements and, in the case of parties other than our research and development collaborators, to agree to assign their inventions to us. These agreements are designed to protect our proprietary information and to grant us ownership of technologies that are developed in connection with their relationship with us. These agreements may not, however, provide protection for our trade secrets in the event of unauthorized disclosure of such information.

In addition to patent protection, we may utilize orphan drug regulations or other provisions of the Food, Drug and Cosmetic Act of 1938, as amended (the "FDCA"), to provide market exclusivity for certain of our product candidates. Orphan drug regulations provide incentives to pharmaceutical and biotechnology companies to develop and manufacture drugs for the treatment of rare diseases, currently defined as diseases that exist in fewer than 200,000 individuals in the U.S., or diseases that affect more than 200,000 individuals in the U.S. but for which the sponsor does not realistically anticipate will generate a net profit. Under these provisions, a manufacturer of a designated orphan drug can seek tax benefits, and the holder of the first approval of a designated orphan product from the FDA will be granted a seven-year period of marketing exclusivity for such FDA approved orphan product.

**LICENSE, CLINICAL TRIAL AND SPONSORED RESEARCH AGREEMENTS**

**St. Jude Children's Research Hospital**

*XSCID License*

On August 2, 2018, the Company entered into an exclusive worldwide license agreement with St. Jude for the development of a first-in-class *ex vivo* lentiviral gene therapy for the treatment of XSCID. The Company paid $1.0 million in consideration for the exclusive license in addition to an annual maintenance fee of $0.1 million (beginning in 2019). St. Jude is eligible to receive payments totaling $13.5 million upon the achievement of five development and commercialization milestones. Royalty payments in the mid-single digits are due on net sales of licensed products.

*XSCID Non-interventional Services Agreement*

In December 2019, the Company entered into a Non-Interventional Services Agreement with Children's CGMP, LLC ("Children's"), an affiliate of St. Jude Children's Research Hospital, pursuant to which Children's provides lentiviral vector for non-clinical XSCID research purposes, as well as related advisory services. Pursuant to the agreement, we agreed to fund approximately $0.8 million upon execution of the agreement.

*XSCID Data Transfer Agreement*

In June 2020, the Company entered into a Data Transfer Agreement for the XSCID program (the "XSCID DTA"). Pursuant to the terms of the XSCID DTA, we made an upfront payment of approximately $1.1 million and will reimburse St. Jude for additional costs in connection with the on-going investigator-initiated study.

**City of Hope**

In February 2017, the Company and COH amended and restated their license agreement, dated March 17, 2015 (the "Original Agreement"), by entering into three separate amended and restated exclusive license agreements, one relating to the CD123-directed CAR T program, one relating to the IL13Rα2-directed CAR T program, and one relating to the Spacer technology (described below). The total potential consideration payable to COH by the Company, in equity or cash, did not in the aggregate change materially from the Original Agreement. As of December 31, 2022, COH owns 845,385 shares of Class A common stock representing approximately 0.8% of ownership, and has the right to appoint a director to the Board of Directors (the "Board"). The Company considers COH to be a related party, due to the foregoing rights and ownership, as well as the high proportion of the Company's assets that are licensed from COH.

In addition, the Company entered into a sponsored research agreement with COH under which the Company has funded continued research in the amount of $2.0 million per year, payable in four equal installments, which ended in the first quarter of 2020. The research covered under this arrangement is for the IL13Rα2-directed CAR T program, the CD123-directed CAR T program, and the Spacer technology.

*CD123 License*

In February 2017, the Company entered into an Amended and Restated Exclusive License Agreement with COH to acquire intellectual property rights pertaining to patent rights related to the CD123-directed CAR T program (the "CD123 License"). Pursuant to the CD123 License, the Company and COH acknowledged that an upfront fee had already been paid under the Original Agreement. In addition, COH is eligible to receive an annual maintenance fee of $25,000 and milestone payments totaling up to approximately $14.5 million, upon and subject to the achievement of certain milestones. Royalty payments in the mid-single digits are due on net sales of licensed products. The Company is obligated to pay COH a percentage of certain revenues received in connection with a sublicense ranging from the mid-teens to mid-thirties, depending on the timing of the sublicense in the development of any product. In addition, equity grants made under the Original Agreement were acknowledged, and the anti-dilution provisions of the Original Agreement were carried forward.

*CD123 CRA (AML and BPDCN)*

In February 2017, the Company entered into a Clinical Research Support Agreement for CD123-directed CAR T program (the "CD123 CRA"). Pursuant to the terms of the CD123 CRA, the Company made an upfront payment of approximately $19,000 and will contribute an additional $97,000 per patient in connection with the on-going investigator-initiated study. Further, the Company agreed to fund approximately $76,000 annually pertaining to the clinical development of the CD123-directed CAR T therapy.

*IL13Rα2 License*

In February 2017, the Company entered into an Amended and Restated Exclusive License Agreement with COH to acquire intellectual property rights pertaining to patent rights related to the IL13Rα2-directed CAR T program (the "IL13Rα2 License"). Pursuant to the IL13Rα2 License, the Company and COH acknowledged that an upfront fee had already been paid under the Original Agreement. In addition, COH is eligible to receive an annual maintenance fee of $25,000 and milestone payments totaling up to approximately $14.5 million, upon and subject to the achievement of certain milestones. Royalty payments in the mid-single digits are due on net sales of licensed products. The Company is obligated to pay COH a percentage of certain revenues received in connection with a sublicense ranging from the mid-teens to mid-thirties, depending on the timing of the sublicense in the development of any product. In addition, equity grants made under the Original Agreement were acknowledged, and the anti-dilution provisions of the Original Agreement were carried forward.

*IL13Rα2 CRA (Glioblastoma)*

In February 2017, the Company entered into a Clinical Research Support Agreement for the IL13Rα2-directed CAR T program (the "IL13Rα2 GBM CRA"). Pursuant to the terms of the IL13Rα2 CRA, the Company made an upfront payment of approximately $9,000 and will contribute an additional $140,000 per patient in connection with the on-going investigator-initiated study. Further, the Company agreed to fund approximately $66,000 annually pertaining to the clinical development of the IL13Rα2-directed CAR T therapy.

*IL13Rα2 CRA (Leptomeningeal Glioblastoma)*

In October 2020, the Company entered into a Clinical Research Support Agreement for the IL13Rα2-directed CAR T program for adult patients with leptomeningeal glioblastoma, ependymoma or medulloblastoma (the "IL13Rα2 Leptomeningeal CRA"). Pursuant to the terms of the IL13Rα2 Leptomeningeal CRA, the Company made an upfront payment of approximately $29,000 and will contribute an additional

$150,000 per patient in connection with the on-going investigator-initiated study. Further, the Company agreed to fund approximately $200,000 annually pertaining to the clinical development of the IL13Rα2-directed CAR T therapy.

*Sponsored Research Agreement - IL13Rα2 and C134 Combination*

In October 2020, the Company entered into a Sponsored Research Agreement ("SRA") with COH to conduct combination studies of a potential IL13Rα2CAR and C134 oncolytic virus therapy. Pursuant to the SRA, the Company funded research in the amount of $0.3 million for the program. In November 2022, the SRA was amended to include additional funding of $0.6 million.

*Spacer License*

In February 2017, the Company entered into an Amended and Restated Exclusive License Agreement with COH to acquire intellectual property rights pertaining to patent rights related to Spacer (the "Spacer License"). Pursuant to the Spacer License, the Company and COH acknowledged that an upfront fee had already been paid under the Original Agreement. In addition, COH will receive an annual maintenance fee of $10,000. No royalties are due if the Spacer technology is used in conjunction with a CD123 CAR or an IL13Rα2 CAR, and royalty payments in the low single digits are due on net sales of licensed products if the Spacer technology is used in conjunction with other intellectual property. The Company is obligated to pay COH a percentage of certain revenues received in connection with a sublicense in the mid-thirties, but no such payments are due in connection with sublicenses that are granted in conjunction with the sublicense of other CARs that are licensed from COH to the Company. In addition, equity grants made under the Original Agreement were acknowledged, and the anti-dilution provisions of the Original Agreement were carried forward.

*IV/ICV License*

In February 2017, the Company entered into an exclusive license agreement (the "IV/ICV License") with COH to acquire intellectual property rights in patent applications related to the intraventricular and intracerebroventricular methods of delivering T cells that express CARs. Pursuant to the IV/ICV License, in March 2017, the Company paid COH an upfront fee of $0.1 million. COH is eligible to receive a milestone payment totaling approximately $0.1 million, upon and subject to the achievement of a milestone, and an annual maintenance fee. Royalty payments in the low single digits are due on net sales of licensed products. The Company is obligated to pay COH a percentage of certain revenues received in connection with a sublicense in the mid-thirties, but no such payments are due in connection with sublicenses that are granted in conjunction with the sublicense of other CAR T programs that are licensed from COH to the Company.

*HER2 Technology License*

On May 31, 2017, the Company entered into an exclusive license agreement (the "HER2 Agreement") with COH for the use of HER2 CAR T technology ("HER2 Technology"), which is currently being applied in the treatment of glioblastoma multiforme and in the treatment of HER2+ cancers – in particular breast cancer – that have metastasized to the brain. Pursuant to the HER2 Agreement, the Company paid an upfront fee of $0.6 million and owes an annual maintenance fee of $50,000 (which began in 2019). In addition, COH is eligible to receive milestone payments totaling up to $14.9 million, upon and subject to the achievement of certain milestones. Royalty payments in the mid-single digits are due on net sales of licensed products. The Company is obligated to pay COH a percentage of certain revenues received in connection with a sublicense ranging from the mid-teens to mid-thirties, depending on the timing of the sublicense in the development of any product.

*HER2 CRA (HER2+ glioblastoma and HER2+ brain metastases)*

In September 2020, the Company entered into a Clinical Research Support Agreement for the HER2-directed CAR T program (the "HER2 CRA"). Pursuant to the terms of the HER2 CRA, the Company made an upfront payment of approximately $29,000 and will contribute an additional $150,000 per patient in connection with the on-going investigator-initiated study. Further, the Company agreed to fund approximately $200,000 annually pertaining to the clinical development of the HER2-directed CAR T therapy.

*CS1 Technology License*

On May 31, 2017, the Company entered into an exclusive license agreement (the "CS1 Agreement") with COH for the use of CS1-specific CAR T technology ("CS1 Technology"), which is currently being applied in the treatment of multiple myeloma. Pursuant to the CS1 Agreement, the Company paid an upfront fee of $0.6 million and owes an annual maintenance fee of $50,000 (which began in 2019). In addition, COH is eligible to receive milestone payments totaling up to $14.9 million, upon and subject to the achievement of certain milestones. Royalty payments in the mid-single digits are due on net sales of licensed products. The Company is obligated to pay COH

a percentage of certain revenues received in connection with a sublicense ranging from the mid-teens to mid-thirties, depending on the timing of the sublicense in the development of any product.

*CS1 CRA (multiple myeloma)*

In June 2020, the Company entered into a Clinical Research Support Agreement for the CS1-directed CAR T program (the "CS1 CRA"). Pursuant to the terms of the CS1 CRA, the Company made an upfront payment of approximately $32,000 and will contribute an additional $130,000 per patient in connection with the on-going investigator-initiated study. Further, the Company agreed to fund approximately $200,000 annually pertaining to the clinical development of the CS1-directed CAR T therapy.

*PSCA Technology License*

On May 31, 2017, the Company entered into an exclusive license agreement (the "PSCA Agreement") with COH for the use of PSCA CAR T technology ("PSCA Technology"), which is currently being applied in the treatment of PSCA+ metastatic castration-resistant prostate cancer. Pursuant to the PSCA Agreement, the Company paid an upfront fee of $0.3 million and owes an annual maintenance fee of $50,000 (which began in 2019). In addition, COH is eligible to receive milestone payments totaling up to $14.9 million, upon and subject to the achievement of certain milestones. Royalty payments in the mid-single digits are due on net sales of licensed products. The Company is obligated to pay COH a percentage of certain revenues received in connection with a sublicense ranging from the mid-teens to mid-thirties, depending on the timing of the sublicense in the development of any product.

*PSCA CRA*

In October 2020, the Company entered into a Clinical Research Support Agreement for the PSCA-directed CAR T program (the "PSCA CRA"). Pursuant to the terms of the PSCA CRA, the Company made an upfront payment of $33,000 and will contribute an additional $125,000 per patient in connection with the on-going investigator-initiated study. Further, the Company agreed to fund approximately $200,000 annually pertaining to the clinical development of the PSCA-directed CAR T therapy.

*Manufacturing License*

On January 3, 2018, the Company entered into a non-exclusive license agreement with COH to acquire patent and licensed know-how rights related to developing, manufacturing, and commercializing licensed products. The Company paid $75,000 in consideration for the licenses to the patent rights and the licensed know-how in addition to an annual maintenance fee. Royalty payments in the low-single digits are due on net sales of licensed products.

*Sponsored Research Agreement - Manufacturing*

On January 3, 2018, the Company entered into an SRA with COH to optimize and develop CAR T cell processing procedures. Pursuant to the SRA, the Company funded continued research in the amount of $0.9 million for the program, with an initial term of two (2) years. The SRA expired in January 2020.

**University of California License**

On March 17, 2017, the Company entered into an exclusive license agreement with the Regents of UCLA (the "UCLA License") to acquire intellectual property rights in patent applications related to the engineered anti-prostate stem cell antigen antibodies for cancer targeting and detection. Pursuant to the UCLA License, the Company paid UCLA the upfront fee of $0.2 million and owes an annual maintenance fee of $15,000 for the first two years, $25,000 for years three and four, and $50,000 per year thereafter. In addition, UCLA is eligible to receive milestone payments totaling up to $14.3 million, upon and subject to the achievement of certain milestones. Royalty payments in the mid-single digits are due on net sales of licensed products.

**Fred Hutchinson Cancer Center**

*CD20 Technology License*

Effective July 3, 2017, Mustang entered into an exclusive, worldwide licensing agreement with Fred Hutch for the use of a CAR T therapy related to autologous T cells engineered to express a CD20-specific CAR (the "CD20 Technology License"). Pursuant to the CD20 Technology License, the Company paid Fred Hutch an upfront fee of $0.3 million and owes an annual maintenance fee of $50,000 on each

anniversary of the license until the achievement by the Company of regulatory approval of a licensed product using the CD20 Technology. Additional payments are due for the achievement of eleven development milestones totaling $39.1 million. Royalty payments in the mid-single digits are due on net sales of licensed products.

*CD20 CTA (NHL and CLL)*

Also, on July 3, 2017, in conjunction with the CD20 Technology License from Fred Hutch, Mustang entered into an investigator-initiated clinical trial agreement (the "CD20 CTA") to provide partial funding for a Phase 1/2 clinical trial at Fred Hutch evaluating the safety and efficacy of the CD20 Technology in patients with relapsed or refractory B-cell non-Hodgkin lymphomas ("NHLs"). In connection with the CD20 CTA, the Company agreed to fund up to $5.3 million of costs associated with the clinical trial, which commenced during the fourth quarter of 2017.

In November 2020, the CD20 CTA was amended to include additional funding of approximately $1.8 million for the treatment of five patients with chronic lymphocytic leukemia ("CLL") and other research costs. In January 2022, the CTA was amended to increase funding by approximately $2.2 million for the treatment of additional patients.

*Sponsored Research Agreement*

On March 17, 2018, the Company entered into an SRA with Fred Hutch related to developing and optimizing processes and systems associated with CD20 cell processing. Pursuant to the SRA, the Company funded continued research in the amount of $0.6 million during the term of the SRA, which expired in March 2019.

**Nationwide Children's Hospital License**

On February 20, 2019, the Company entered into an exclusive worldwide license agreement with Nationwide for the development of an oncolytic virus (referred to by Nationwide as C134; now referred to by the Company as MB-108) for the treatment of glioblastoma multiforme. The Company paid $0.2 million in consideration for the exclusive license. Nationwide is eligible to receive additional payments totaling $77.5 million upon the achievement of ten development and commercialization milestones. Royalty payments in the low-single digits are due on net sales of licensed products.

**CSL Behring (Calimmune) License**

On August 23, 2019, the Company entered into a non-exclusive license agreement with CSL Behring (Calimmune) for the Cytegrity™ stable producer cell line for the production of lentiviral gene therapy for the XSCID gene therapy program. The Cytegrit™ stable producer cell line will be used to produce the viral vector for Mustang's MB-107 and MB-207 lentiviral gene therapies for the treatment of XSCID. The Company paid $0.2 million in consideration for the license. CSL Behring (Calimmune) is eligible to receive additional payments totaling $1.2 million upon the achievement of three development and commercialization milestones. Royalty payments in the low-single digits are due on net sales of licensed products.

**SIRION Biotech License**

On October 6, 2020, the Company announced a licensing agreement under which we acquired technology rights from SIRION Biotech GmbH ("SIRION") for LentiBOOST™ technology for the development of MB-207, Mustang's lentiviral gene therapy for the treatment of patients with XSCID, who have been previously treated with a hematopoietic stem cell transplantation ("HSCT") and for whom re-treatment is indicated. LentiBOOST™ is SIRION's proprietary non-cytotoxic transduction enhancer for lentiviral vectors.

Pursuant to the agreement, the Company paid SIRION a one-time upfront fee of $0.1 million. In addition, SIRION is eligible to receive additional payments totaling up to approximately $9.1 million upon the achievement of certain development and commercialization milestones. Royalty payments in the low- to mid-single digits are due on aggregate cumulative worldwide net sales of licensed products.

In December 2021 this licensing agreement was amended to include CD20-directed CAR Ts. SIRION is eligible to receive additional payments totaling up to approximately $9.1 million upon the achievement of certain development and commercialization milestones for the additional product.

**Minaris Regenerative Medicine Agreement**

On November 23, 2020, we announced an agreement with Minaris Regenerative Medicine GmbH ("Minaris") to enable technology transfer and GMP clinical manufacturing in Europe of our MB-107 lentiviral gene therapy program for the treatment of XSCID. Under the terms of the agreement, Minaris will perform technology transfer of the manufacturing and analytical processes, as well as their adoption to the European regulatory environment, for the GMP-compliant manufacturing of the drug product at its site in Ottobrunn, Germany, with the goal of supplying clinical trials in Europe. In 2022, the Company made the decision to delay the technology transfer and clinical manufacturing processes.

**Mayo Clinic**

*CAR T Technology License*

On August 12, 2021, we announced that the Company has executed an exclusive license agreement with Mayo Clinic for a novel technology that may be able to transform the administration of CAR T therapies and potentially allow such therapies to be used as an off-the-shelf therapy.

The technology, developed by Larry R. Pease, Ph.D., principal investigator and former director of the Center for Immunology and Immune Therapies at Mayo Clinic, is a new platform to administer CAR T therapy using a two-step approach. First, a peptide is administered to the patient to drive the proliferation of the patient's resident T cells. This is followed by the administration of a viral CAR construct directly into the lymph nodes of the patient. In turn, the viral construct infects the activated T cells and effectively forms CAR T cells *in vivo* in the patient. Successful implementation may lead to an off-the-shelf product with no need to isolate and expand patient T cells *ex vivo.*

Preclinical proof-of-concept has been established, and the ongoing development of this technology will take place at Mayo Clinic. Mustang plans to file an Investigational New Drug ("IND") application for a multicenter Phase 1 clinical trial once a lead construct has been identified.

Pursuant to this agreement, the Company paid an upfront fee of $0.8 million and will pay an annual maintenance fee of $25,000. Additional payments are due for each of two licensed products for the achievement of eleven development and commercial milestones totaling up to $92.6 million per product, and royalty payments in the mid-single digits as a percentage of revenue are due on net sales of licensed products.

*Sponsored Research Agreement*

In connection with the Mayo Clinic license agreement, the Company entered into an SRA under which the Company will fund research in the amount of $2.1 million over a period of two years. In October 2022, the SRA was amended to include additional funding of $0.1 million. The research performed pursuant to this agreement will support the technology the Company has licensed from Mayo Clinic.

**Leiden University Medical Centre**

*RAG1-SCID Technology License*

On November 10, 2021, we announced an exclusive license agreement with Leiden University Medical Centre ("LUMC") for a first-in-class *ex vivo* lentiviral gene therapy for the treatment of RAG1 severe combined immunodeficiency ("RAG1-SCID").

Pursuant to this agreement, the Company paid an upfront fee of $0.4 million. Additional payments are due for the achievement of five development and commercial milestones totaling up to $31.0 million, and royalty payments in the low to mid-single digits as a percentage of revenue are due on net sales of licensed products.

*Sponsored Research Agreement*

In connection with the RAG1-SCID license, the Company entered into an SRA with LUMC under which the Company will fund research in the amount of 2.3 million euros over a period of five years. The research performed pursuant to this agreement will support the technology the Company has licensed from LUMC.

**COMPETITION**

Competition in the pharmaceutical and biotechnology industries is intense. Our competitors include pharmaceutical companies and biotechnology companies, as well as universities and public and private research institutions. In addition, companies that are active in different but related fields represent substantial competition for us. Many of our competitors have significantly greater capital resources, larger research and development staffs and facilities and greater experience in drug development, regulation, manufacturing and marketing than we do. These organizations also compete with us to recruit qualified personnel, attract partners for joint ventures or other collaborations, and license technologies that are competitive with ours. To compete successfully in this industry, we must identify novel and unique drugs or methods of treatment and then complete the development of those drugs as treatments in advance of our competitors.

The drugs that we are attempting to develop will have to compete with existing therapies. In addition, a large number of companies are pursuing the development of pharmaceuticals that target the same conditions that we are targeting. Other companies have products or product candidates in various stages of pre-clinical or clinical development, or with marketing approvals, to treat conditions for which we are also seeking to discover and develop product candidates. Some of these potential competing drugs are further advanced in development than our product candidates and may be commercialized earlier.

The field of CAR T therapy is extremely active. Companies and partnerships currently engaged in clinical trials with CAR T modalities include Bristol Myers Squibb, Novartis Pharmaceuticals/University of Pennsylvania, 2seventy bio, Allogene Therapeutics, Cellectis, Gilead Sciences, Bellicum Pharmaceuticals, MD Anderson/Ziopharm Oncology, Atara Biotherapeutics, Celyad, Autolus Therapeutics, Precigen Inc., Precision BioSciences, Adicet Bio, Cargo Therapeutics, and ImmPACT Bio.

The gene therapy field is characterized by rapidly changing technologies, significant competition and a strong emphasis on intellectual property. We are aware of companies currently engaged in developing gene therapies in various indications, including Abeona Therapeutics, Adverum Biotechnologies, Astellas, AVROBIO, Axovant Sciences, Biogen, bluebird bio, BioMarin Pharmaceutical, Homology Medicines, Krystal Biotech, MeiraGTx, Novartis Pharmaceuticals, Orchard Therapeutics, Passage Bio, Prevail Therapeutics, REGENXBIO, Rocket Pharmaceuticals, Roche, Sangamo Therapeutics, Sarepta Therapeutics, Solid Biosciences, Ultragenyx Pharmaceuticals, uniQure and Voyager Therapeutics, as well as several companies addressing other methods for delivering or modifying genes and regulating gene expression.

**EMPLOYEES**

As of December 31, 2022, we had 113 full and part-time employees. None of our employees are represented by a labor union or covered under a collective bargaining agreement and we consider our employee relations to be good. Employees of Fortress also make valuable financial, legal, scientific and other strategic contributions to Mustang on a regular basis.

**SUPPLY AND MANUFACTURING**

As an early stage development company, we rely on our research partners to manufacture or have manufactured all lentiviral vectors used in the clinical development programs currently in progress at COH, Fred Hutch, St. Jude, the NIH, and LUMC under the IND applications filed by these institutions. In addition we rely on the NIH to produce oncolytic virus for UAB, the clinical trial site for the Phase 1 trial of Nationwide's C134 oncolytic virus (MB-108). We will continue to rely on our research partners to manufacture lentiviral vectors and oncolytic virus for Mustang-IND trials until such time as material is available from our contract manufacturing organizations.

Pursuant to the March 2015 Licensing Agreement with COH, we have the right to make and have made the cellular products, and we have negotiated Investigator-Initiated Clinical Research Support Agreements with COH and Fred Hutch which specify the cell processing costs and numbers of patients which will be supplied under filed protocols. Our research partners have extensive experience manufacturing clinical materials for development studies, but we are currently dependent on both their capacity limitations and continued operating success to manufacture viral vector and to process cells for all CAR T clinical trials for which these partners hold the INDs, as well as to have manufactured oncolytic virus for the MB-108 investigator-IND clinical trial being conducted at UAB.

We have limited experience in processing cells for clinical or commercial purposes. In 2018 we opened our own cell processing facility in Worcester, Massachusetts, in order to manufacture and supply cellular product candidates for all clinical trials that will be conducted under IND applications to be filed by us. In August 2019, the FDA approved our IND application to initiate a multi-center Phase 1/2 clinical trial of MB-102 (CD123 CAR T) and in January 2021, the FDA approved our IND application to initiate a multi-center Phase 2 clinical trial of MB-107 (XSCID). In May 2021, the FDA approved our IND application to initiate a multi-center Phase 1/2 clinical trial of MB-106 (CD-

20). As with any supply program, obtaining raw materials of the correct quality cannot be guaranteed, and we cannot ensure that we will be successful in this endeavor.

We expect to rely on contract manufacturing relationships for lentiviral vectors and for the MB-108 oncolytic virus, as well as for any non-CAR T products that we may in-license or acquire in the future for co-administration with our CAR T products. However, there can be no assurance that we will be able to successfully contract with such manufacturers on terms acceptable to us, or at all.

Contract manufacturers for these current and potential future non-CAR T products would be subject to ongoing periodic and unannounced inspections by the FDA, the U.S. Drug Enforcement Administration ("DEA") and corresponding state agencies to ensure strict compliance with the Current Good Manufacturing Practice regulations ("cGMP") and other state and federal regulations. Our contractors, if any, in Europe would face similar challenges from the numerous EU and member state regulatory agencies and authorized bodies. We do not have control over third-party manufacturers' compliance with these regulations and standards, other than through contractual obligations. If they are deemed out of compliance with cGMPs, product recalls could result, inventory could be destroyed, production could be stopped, and supplies could be delayed or otherwise disrupted.

If we need to change manufacturers for these current and potential future non-CAR T products after commercialization, the FDA and corresponding foreign regulatory agencies must approve these new manufacturers in advance, which will involve testing and additional inspections to ensure compliance with FDA regulations and standards and may require significant lead times and delay. Furthermore, switching manufacturers may be difficult because the number of potential manufacturers is limited. It may be difficult or impossible for us to find a replacement manufacturer quickly or on terms acceptable to us, or at all.

**GOVERNMENT AND INDUSTRY REGULATIONS**

Numerous governmental authorities, principally the FDA and corresponding state and foreign regulatory agencies, impose substantial regulations upon the clinical development, manufacture and marketing of our product candidates, as well as our ongoing research and development activities. None of our product candidates has been approved for sale in any market. Before marketing in the U.S., any drug that we develop must undergo rigorous pre-clinical testing and clinical trials and an extensive regulatory approval process implemented by the FDA under the FDCA. The FDA regulates, among other things, the pre-clinical and clinical testing, safety, efficacy, approval, manufacturing, record keeping, adverse event reporting, packaging, labeling, storage, advertising, promotion, export, and the sale and distribution of biopharmaceutical products.

The regulatory review and approval process is lengthy, expensive and uncertain. We are required to submit extensive preclinical and clinical data and supporting information to the FDA for each indication or use to establish a product candidate's safety and efficacy before we can secure FDA approval to market or sell a product in the U.S. The approval process takes many years, requires the expenditure of substantial resources and may involve ongoing requirements for post-marketing studies or surveillance. Before commencing clinical trials in humans, we must submit an IND to the FDA containing, among other things, preclinical data, chemistry, manufacturing and control information, and an investigative plan. Our submission of an IND may not result in FDA authorization to commence a clinical trial.

The FDA may permit expedited development, evaluation, and marketing of new therapies intended to treat persons with serious or life-threatening conditions for which there is an unmet medical need under its fast track drug development program. A sponsor can apply for fast track designation initially at the time of submission of an IND, or at any time prior to receiving a marketing approval of the new drug application ("NDA") or biologics license application ("BLA"). To receive fast track designation, an applicant must demonstrate:

- that the therapy is intended to treat a serious or life-threatening condition;
- that the therapy is intended to treat a serious aspect of the condition; and
- that the therapy has the potential to address unmet medical needs, and this potential is being evaluated in the planned drug development program.

The FDA must respond to a request for fast track designation within 60 calendar days of receipt of the request. Over the course of development, a product in a fast track development program must continue to meet the criteria for fast track designation. Sponsors of products in fast track drug development programs must be in regular contact with the reviewing division of the FDA to ensure that the evidence necessary to support marketing approval will be developed and presented in a format conducive to an efficient review. Sponsors of products in fast track drug development programs ordinarily are eligible for priority review of a completed application in six months or less and also may be permitted to submit portions of an NDA or BLA to the FDA for review on a rolling basis before the complete application is submitted.

In accordance with the FDCA, sponsors of drugs for serious or life-threatening diseases that fill an unmet medical need may seek approval under the FDA's accelerated approval regulations. Under this authority, the FDA may grant marketing approval for a new drug product on the basis of adequate and well-controlled clinical trials establishing that the drug product has an effect on a surrogate endpoint that is reasonably likely, based on epidemiologic, therapeutic, pathophysiologic, or other evidence, to predict clinical benefit or on the basis of an effect on a clinical endpoint other than survival or irreversible morbidity. Approval will be subject to the requirement that the applicant study the drug further to verify and describe its clinical benefit where there is uncertainty as to the relation of the surrogate endpoint to clinical benefit or uncertainty as to the relation of the observed clinical benefit to ultimate outcome. Post-marketing studies are usually underway at the time an applicant files the NDA or BLA. When required to be conducted, such post-marketing studies must also be adequate and well-controlled. The applicant must carry out any such post-marketing studies with due diligence. Many companies who have been granted the right to utilize an accelerated approval approach have failed to obtain approval. Moreover, negative or inconclusive results from the clinical trials we hope to conduct or adverse medical events could cause us to have to repeat or terminate the clinical trials. Accordingly, we may not be able to complete the clinical trials within an acceptable time frame, if at all, and, therefore, could not submit the NDA or BLA to the FDA or foreign regulatory authorities for marketing approval.

Clinical testing must meet requirements for institutional review board oversight, informed consent and good clinical practices, and must be conducted pursuant to an IND, unless exempted.

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

- *Phase 1*: The drug is administered to a small group of humans, either healthy volunteers or patients, for the first time to test for safety, dosage tolerance, absorption, metabolism, excretion and clinical pharmacology.
- *Phase 2*: Studies are conducted on a larger number of patients to assess the efficacy of the product, to ascertain dose tolerance and the optimal dose range, and to gather additional data relating to safety and potential adverse events.
- *Phase 3*: Studies establish safety and efficacy in an expanded patient population.
- *Phase 4*: The FDA may request phase 4 post-marketing studies to find out more about the drug's long-term risks, benefits, and optimal use, or to test the drug in different patient populations.

The length of time necessary to complete clinical trials varies significantly and may be difficult to predict. Clinical results are frequently susceptible to varying interpretations that may delay, limit or prevent regulatory approvals. Additional factors that can cause delay or termination of our clinical trials, or that may increase the costs of these trials, include:

- slow patient enrollment due to the nature of the clinical trial plan, the proximity of patients to clinical sites, the eligibility criteria for participation in the study or other factors;
- inadequately trained or insufficient personnel at the study site to assist in overseeing and monitoring clinical trials or delays in approvals from a study site's review board;
- longer treatment time required to demonstrate efficacy or determine the appropriate product dose;
- insufficient supply of the product candidates;
- adverse medical events or side effects in treated patients; and
- ineffectiveness of the product candidates.

In addition, the FDA, equivalent foreign regulatory authority, or a data safety monitoring committee for a clinical trial may place a clinical trial on hold or terminate it if it concludes that subjects are being exposed to an unacceptable health risk, or for futility. Any drug is likely to produce some toxicity or undesirable side effects in animals and in humans when administered at sufficiently high doses and/or for a sufficiently long period of time. Unacceptable toxicity or side effects may occur at any dose level at any time in the course of studies in animals designed to identify unacceptable effects of a product candidate, known as toxicological studies, or clinical trials of product candidates. The appearance of any unacceptable toxicity or side effect could cause us or regulatory authorities to interrupt, limit, delay or abort the development of any of our product candidates and could ultimately prevent approval by the FDA or foreign regulatory authorities for any or all targeted indications.

Sponsors of drugs may apply for a special protocol assessment ("SPA") from the FDA for studies intended to form the primary basis of an efficacy claim. The SPA process is a procedure by which the FDA provides official evaluation and written guidance on the design and size of proposed protocols that are intended to form the basis for an NDA or BLA. However, final marketing approval depends on the results of efficacy, the adverse event profile and an evaluation of the benefit/risk of treatment demonstrated in the pivotal clinical trial. Once approved, the SPA may only be changed through a written agreement between the sponsor and the FDA, or in rare cases if the FDA becomes aware of a substantial scientific issue essential to product safety or efficacy the SPA can be rescinded.

Before receiving FDA approval to market a product, we must demonstrate that the product is safe and effective for its intended use by submitting to the FDA an NDA or BLA containing the preclinical and clinical data that have been accumulated, together with chemistry and manufacturing and controls specifications and information, and proposed labeling, among other things. The FDA may refuse to accept an NDA or BLA for filing if certain content criteria are not met and, even after accepting an NDA or BLA, the FDA may require additional information, including clinical data, before approval for marketing a product.

Although uncommon, the FDA may request a Risk Evaluation and Mitigation Strategy, or REMS, as part of an NDA or BLA approval for products with serious safety concerns to help ensure that the benefits of the product outweigh the risks. The REMS plan contains post-marketing obligations of the sponsor to train prescribing physicians, monitor off-label drug use, and perhaps the conduct of Phase 4 follow-up studies and registries to ensure the continued safe use of the drug.

As part of the approval process, the FDA must inspect and approve each manufacturing facility. Among the conditions of approval is the requirement that a manufacturer's quality control and manufacturing procedures conform to cGMP. Manufacturers must expend significant time, money and effort to ensure continued compliance, and the FDA conducts periodic inspections to certify compliance. It may be difficult for our manufacturers or for us to comply with the applicable cGMP, as interpreted by the FDA, and other FDA regulatory requirements. If we, or our contract manufacturers, fail to comply, then the FDA may not allow us to market products that have been affected by the failure.

If the FDA grants approval, the approval will be limited to those conditions and patient populations for which the product is safe and effective, as demonstrated through clinical studies and as reflected in the approved labeling. Further, a product may be marketed only in those dosage forms and for those indications approved in the NDA or BLA. Certain changes to an approved NDA or BLA, including, with certain exceptions, any significant changes to labeling, may require prior approval of a supplemental application before the drug may be marketed as changed. Any products that we manufacture or distribute pursuant to FDA approvals are subject to continuing monitoring and regulation by the FDA, including compliance with cGMP and the reporting of adverse experiences with the drugs. The nature of marketing claims that the FDA will permit us to make in the labeling and advertising of our products will generally be limited to those specified in FDA approved labeling, and the advertising of our products will be subject to comprehensive monitoring and regulation by the FDA. Drugs whose review was accelerated may carry additional restrictions on marketing activities, including the requirement that all promotional materials are pre-submitted to the FDA. Claims exceeding those contained in the approved labeling will constitute a violation of the FDCA. Violations of the FDCA or regulatory requirements at any time during the product development process, approval process, or marketing and sale following approval may result in agency enforcement actions, including withdrawal of approval, recall, seizure of products, warning letters, injunctions, fines and/or civil or criminal penalties. Any agency enforcement action could have a material adverse effect on our business.

Failure to comply with applicable federal, state and foreign laws and regulations would likely have a material adverse effect on our business. In addition, federal, state and foreign laws and regulations regarding the manufacture and sale of new drugs are subject to future changes.

***Other Healthcare Laws and Compliance Requirements***

In the U.S., our activities are potentially subject to regulation by various federal, state and local authorities in addition to the FDA, including the Centers for Medicare and Medicaid Services (formerly the Health Care Financing Administration), other divisions of the United States Department of Health and Human Services (e.g., the Office of Inspector General), the United States Department of Justice and individual United States Attorney offices within the Department of Justice, and state and local governments.

**Pharmaceutical Coverage, Pricing and Reimbursement**

In the U.S. and markets in other countries, sales of any products for which we receive regulatory approval for commercial sale will depend in part on the availability of reimbursement from third-party payors, including government health administrative authorities, managed care providers, private health insurers and other organizations. Third-party payors are increasingly examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy, and, accordingly, significant uncertainty exists as to the reimbursement status of newly approved therapeutics. Adequate third-party reimbursement may not be available for our products to

enable us to realize an appropriate return on our investment in research and product development. We are unable to predict the future course of federal or state health care legislation and regulations, including regulations that will be issued to implement provisions of the health care reform legislation enacted in 2010, known as the Affordable Care Act. The Affordable Care Act and further changes in the law or regulatory framework could have a material adverse effect on our business.

**International Regulation**

In addition to regulations in the U.S., there are a variety of foreign regulations governing clinical trials and commercial sales and distribution of our product candidates. The approval process varies from country to country, and the time may be longer or shorter than that required for FDA approval.

**Item 1A. Risk Factors**

*Investing in our Common Stock or any other type of equity or debt securities we may offer (together, our "Securities") involves a high degree of risk. The following information sets forth risk factors that could cause our actual results to differ materially from those contained in forward-looking statements we have made in this Form 10-K and those we may make from time to time. You should carefully consider the risks described below, in addition to the other information contained in this Form 10-K, before making an investment decision. Our business, financial condition or results of operations could be harmed by any of these risks. The risks and uncertainties described below are not the only ones we face. Additional risks not presently known to us, or other factors not perceived by us to present significant risks to our business at this time also may impair our business operations.*

**Risks Related to Our Finances and Capital Requirements**

***We have incurred significant losses since our inception. We expect to incur losses for the foreseeable future and may never achieve or maintain profitability. We do not have any products that are approved for commercial sale and therefore do not expect to generate any revenues from product sales in the foreseeable future, if ever.***

We have a limited operating history. We have focused primarily on in-licensing and developing our product candidates, with the goal of supporting regulatory approval for these product candidates. We have incurred losses since our inception in March 2015 and have an accumulated deficit of $329.4 million as of December 31, 2022. We expect to continue to incur significant operating losses for the foreseeable future. We also do not anticipate that we will achieve profitability for a period of time after generating material revenues, if ever. If we are unable to generate revenues, we will not become profitable and may be unable to continue operations without continued funding.

Because of the numerous risks and uncertainties associated with developing pharmaceutical products, we are unable to predict the timing or amount of increased expenses or when or if we will be able to achieve profitability. Our net losses may fluctuate significantly from quarter to quarter and year to year. We anticipate that our expenses will increase substantially if:

- one or more of our product candidates receive regulatory approval and are approved for commercial sale, due to our need to establish the necessary commercial infrastructure to launch and commercialize this product candidate without substantial delays, including hiring sales and marketing personnel and contracting with third parties for manufacturing, testing, warehousing, distribution, cash collection and related commercial activities;
- we are required by the FDA or foreign regulatory authorities to perform studies in addition to those currently expected;
- there are any delays in completing our clinical trials or the development of any of our product candidates;
- we execute other collaborative, licensing or similar arrangements that require us to make payments to collaborators or licensors;
- there are variations in the level of expenses related to our future development programs;
- there are any product liability or intellectual property infringement lawsuits in which we may become involved; and
- there are any regulatory developments affecting product candidates of our competitors.

Our ability to become profitable depends upon our ability to generate revenue. To date, we have not generated any revenue from our development stage products, and we do not know when, or if, we will generate any revenue. Our ability to generate revenue depends on a number of factors, including, but not limited to, our ability to:

- obtain regulatory approval for one or more of our product candidates, or any future product candidate that we may license or acquire;
- manufacture or have manufactured commercial quantities of one or more of our product candidates or any future product candidate, if approved, at acceptable cost levels; and
- develop a commercial organization and the supporting infrastructure required to successfully market and sell one or more of our product candidates or any future product candidate, if approved.

Even 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 depress the value of the Company and could impair our ability to raise capital, expand our business, maintain our research and development efforts, diversify our product offerings or even continue our operations. A decline in the value of the Company could also cause you to lose all or part of your investment.

***There is substantial doubt regarding our ability to continue as a going concern. We will need to raise additional funding, which may not be available on acceptable terms to the Company, or at all. Failure to obtain this necessary capital when needed may force us to delay, limit or terminate our product development efforts or other operations.***

We are currently advancing our programs in hematologic cancers, solid tumors and rare genetic diseases through clinical development. Developing and commercializing CAR T and gene therapy products is expensive, and we do not expect to generate meaningful product revenues in the foreseeable future until we obtain marketing approval for products in the United States and following any potential commercial launch.

As of December 31, 2022, our cash and cash equivalents were $75.7 million. Based on our current business plan, there is substantial doubt regarding our ability to continue as a going concern for a period of one year after the date that our financial statements for the year ended December 31, 2022 are issued. Our fundraising efforts to raise additional funding may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our potential products following marketing approval if and when obtained. In addition, we cannot guarantee that financing will be available in sufficient amounts or on terms acceptable to us, if at all. Moreover, the terms of any financing may adversely affect the holdings or the rights of our stockholders and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our shares to decline. The sale of additional equity or convertible securities would dilute all of our stockholders. Our current and the potential for additional indebtedness would result in increased fixed payment obligations, and we may be required to agree to certain restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. We could also be required to seek funds through arrangements with collaborative partners or otherwise at an earlier stage than otherwise would be desirable and we may be required to relinquish rights to some of our technologies or product candidates or otherwise agree to terms unfavorable to us, any of which may have a material adverse effect on our business, operating results and prospects.

If we are unable to obtain funding on a timely basis, we may be required to further revise our business plan and strategy, which may result in us (i) significantly curtailing, delaying or discontinuing one or more of our research or development programs or the commercialization of any product candidates, (ii) selling certain of our assets (which could include our manufacturing facility) and/or (iii) may result in our being unable to expand our operations or otherwise capitalize on our business opportunities. As a result, our business, financial condition, and results of operations could be materially affected.

***We are exposed to interest rate risk under our Term Loan with Runway, which could cause our debt service obligations to increase significantly.***

We are exposed to market risk from changes in interest rates. Our Term Loan with Runway bears a variable interest rate equal to the (i) 8.75% and (ii) the greater of (A) the prime rate last quoted in The Wall Street Journal (or a comparable replacement rate if The Wall Street Journal ceases to quote such rate) and (B) 0.50%. The Federal Reserve has recently raised, and may in the future further raise, interest rates to combat the effects of recent high inflation. An increase in interest rates by the Federal Reserve has and could in the future cause the prime rate to increase, which has and could in the future increase our debt service obligations. Significant increases in such obligations could have a negative impact on our financial position or operating results, including cash available for servicing our indebtedness, or result in increased borrowing costs in the future.

***Our short operating history makes it difficult to evaluate our business and prospects.***

We have only been conducting operations since our incorporation in March 2015. Our operations to date have been limited to preclinical operations and the in-licensing of our product candidates. We have not yet demonstrated an ability to successfully complete clinical trials, obtain regulatory approvals, manufacture a clinical scale or commercial scale product, or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful product commercialization. Consequently, any predictions about our future performance may not be as accurate as they could be if we had a history of successfully developing and commercializing pharmaceutical products.

In addition, as a young business, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. We will need to expand our capabilities to support commercial activities. We may not be successful in adding such capabilities.

We expect our financial condition and operating results to continue to fluctuate significantly from quarter to quarter and year to year due to a variety of factors, many of which are beyond our control. Accordingly, you should not rely upon the results of any past quarterly period as an indication of future operating performance.

***Our loan agreement requires us to meet certain funding conditions and operating conditions which place restrictions on our operating and financial flexibility.***

Our Term Loan with Runway, which we entered into in March 2022, contains a variety of affirmative and negative covenants, including required financial reporting, limitations on certain dispositions of assets, limitations on the incurrence of additional debt, limitations on the ability to pay cash dividends and other requirements. The Term Loan also subjects us to financial covenants in respect of minimum liquidity, pursuant to which we must maintain an unrestricted cash balance in an amount equal to or greater than the trailing five months of our operating cash flow. This covenant imposes significant operational constraints on us, and it will be difficult for us to continue to comply with the covenant absent remedial measures to reduce costs and/or raise additional capital. The Term Loan contains customary events of default, which include among others, non-payment of principal, violation of covenants, inaccuracy of representations and warranties, insolvency events, materials judgments, and certain regulatory-related events. These restrictions may adversely affect our ability to operate our business, finance our operations, engage in business activities or fully pursue our business strategies. To secure our performance of our obligations under this Term Loan, we granted a security interest in substantially all of our assets, other than certain intellectual property assets and certain other excluded collateral, to Runway. Our failure to comply with the covenants in the Term Loan, the occurrence of a material impairment in our prospect of repayment or in the perfection or priority of Runway's lien on our assets, as determined by Runway, or the occurrence of certain other specified events could result in an event of default that, if not cured or waived, could result in the acceleration of all or a substantial portion of our debt, potential foreclosure on our assets and other adverse results. In the event of an acceleration of amounts due under the Term Loan as a result of an event of default, we may not have enough available cash or be able to raise additional funds through equity or debt financing to repay such indebtedness.

Additionally, we are bound by certain negative covenants setting forth actions that are not permitted to be taken during the term of the Term Loan without consent of Runway, including, without limitation, incurring certain additional indebtedness, making certain asset dispositions, entering into certain mergers, acquisitions or other business combination transactions or incurring any non-permitted lien or other encumbrance on our assets. The foregoing prohibitions and constraints on our operations could result in our inability to: (i) acquire promising intellectual property or other assets on desired timelines or terms; (ii) reduce costs by disposing of assets or business segments no longer deemed advantageous to retain; (iii) stimulate further corporate growth or development through the assumption of additional debt; or (iv) enter into other arrangements that necessitate the imposition of a lien on corporate assets.

***We will require substantial additional funding which may not be available to us on acceptable terms, or at all. If we fail to raise the necessary additional capital, we may be unable to complete the development and commercialization of our product candidates or continue our development programs.***

Our operations have consumed substantial amounts of cash since inception. We will need to significantly increase our spending to advance the preclinical and clinical development of our product candidates and launch and commercialize any product candidates for which we may receive regulatory approval, including building our own commercial organizations to address certain markets. We will require additional capital for the further development and, if approved, commercialization of our product candidates, as well as to fund our other operating expenses and capital expenditures. As of December 31, 2022, we had $76.7 million in cash and restricted cash. We cannot provide any assurance that we will be able to raise funds to complete the development of our product candidates. Additionally, if we are unable to secure additional funding, it is likely that we will need to delay or terminate the development of certain product candidates; any such delay or

termination, or the announcement of any such delay or termination, may impact our potential growth and have a material adverse effect on the value of our debt and equity securities.

We cannot be certain that additional funding will be available on acceptable terms, or at all. Additional funding may be more difficult to obtain, or may be more expensive, as a result of recent increases in inflation and interest rates in the U.S. economy generally. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we may have to significantly delay, scale back or discontinue the development or, if approved, commercialization of one or more of our product candidates. We may also seek collaborators for one or more of our current or future product candidates at an earlier stage than otherwise would be desirable or on terms that are less favorable than might otherwise be available. Any of these events could significantly harm our business, financial condition and prospects.

Our future funding requirements will depend on many factors, including, but not limited to:

- the timing, design and conduct of, and results from, preclinical studies and clinical trials for our product candidates;
- the potential for delays in our efforts to seek regulatory approval for our product candidates, and any costs associated with such delays;
- the costs of establishing a commercial organization to sell, market and distribute our product candidates;
- the rate of progress and costs of our efforts to prepare for the submission of an NDA or BLA for any product candidates that we may in-license or acquire in the future, and the potential that we may need to conduct additional clinical trials to support applications for regulatory approval;
- the costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights associated with our product candidates, including any such costs we may be required to expend if our licensors are unwilling or unable to do so;
- the cost and timing of securing sufficient supplies of our product candidates from our contract manufacturers for clinical trials and in preparation for commercialization;
- the effect of competing technological and market developments;
- the terms and timing of any collaborative, licensing, co-promotion or other arrangements that we may establish;
- if one or more of our product candidates are approved, the potential that we may be required to file a lawsuit to defend our patent rights or regulatory exclusivities from challenges by companies seeking to market generic versions of one or more of our product candidates; and
- the success of the commercialization of one or more of our product candidates, if approved.

Future capital requirements will also depend on the extent to which we acquire or invest in additional complementary businesses, products and technologies, although we currently have no commitments or agreements relating to any of these types of transactions.

In order to carry out our business plan and implement our strategy, we anticipate that we will need to obtain additional financing from time to time and may choose to raise additional funds through strategic collaborations, licensing arrangements, public or private equity or debt financing, bank lines of credit, asset sales, government grants, or other arrangements. We cannot be sure that any additional funding, if needed, will be available on terms favorable to us or at all. Furthermore, any additional equity or equity-related financing may be dilutive to our stockholders, and debt or equity financing, if available, may subject us to restrictive covenants and significant interest costs. If we obtain funding through a strategic collaboration or licensing arrangement, we may be required to relinquish our rights to certain of our product candidates or marketing territories.

Our inability to raise capital when needed would harm our business, financial condition and results of operations, and could cause our stock value to decline or require that we wind down our operations altogether.

Under current SEC regulations, if at the time we file our Annual Report on Form 10-K our public float is less than $75 million, and for so long as our public float remains less than $75 million, the amount we can raise through primary public offerings of securities in any twelve-month period using shelf registration statements is limited to an aggregate of one-third of our public float, which is referred to as the “baby shelf rules.” SEC regulations permit us to use the highest closing sales price of our common stock (or the average of the last bid and last ask prices of our common stock) on any day within 60 days of sales under the registration statement to calculate our public float.

As of the date of this Annual Report on Form 10-K, our public float was less than $75 million. As a result, for sales following the date of this Annual Report on Form 10-K, and until we again have a public float with a value in exceeds of $75 million, if ever, we only have the capacity to sell shares up to one-third of our public float under shelf registration statements in any twelve-month period. If our public float decreases, the amount of securities we may sell under our Form S-3 shelf registration statements will also decrease.

***Raising additional capital, including through lending arrangements, may cause dilution to our existing stockholders, restrict our operations or require us to relinquish proprietary rights.***

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity offerings, debt financings, grants and license and development agreements in connection with any collaborations. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a stockholder. Debt financing, including through lending arrangements, and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

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

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

As a public company, we incur significant legal, accounting and other expenses under the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC, and the rules of the Nasdaq Stock Exchange. These rules impose various requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and appropriate corporate governance practices. Our management and other personnel have devoted and will continue to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, these rules and regulations make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective internal controls for financial reporting and disclosure controls and procedures. As a result, we are required to periodically perform an evaluation of our internal controls over financial reporting to allow management to report on the effectiveness of those controls, as required by Section 404 of the Sarbanes-Oxley Act. These efforts to comply with Section 404 and related regulations have required, and continue to require, the commitment of significant financial and managerial resources. While we anticipate maintaining the integrity of our internal controls over financial reporting and all other aspects of Section 404, we cannot be certain that a material weakness will not be identified when we test the effectiveness of our control systems in the future. If a material weakness is identified, we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources, costly litigation or a loss of public confidence in our internal controls, which could have an adverse effect on the market price of our stock.

***Compliance with the Sarbanes-Oxley Act will require substantial financial and management resources and may increase the time and costs of completing an acquisition.***

A business that we identify as a potential acquisition target may not be in compliance with the provisions of the Sarbanes-Oxley Act regarding the adequacy of internal controls. The development of the internal controls of any such entity to achieve compliance with the Sarbanes-Oxley Act may increase the time and costs necessary to complete any such acquisition. Furthermore, any failure to implement required new or improved controls, or difficulties encountered in the implementation of adequate controls over our financial processes and reporting in the future, could harm our operating results or cause us to fail to meet our reporting obligations. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our securities.

***Our ability to use our pre-change NOLs and other pre-change tax attributes to offset post-change taxable income or taxes may be subject to limitation.***

We may, from time to time, carry net operating loss carryforwards ("NOLs") as deferred tax assets on our balance sheet. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change" (generally defined as a greater than 50-percentage- point cumulative change (by value) in the equity ownership of certain stockholders over a rolling three-year period), the corporation's ability to use its pre-change NOLs and other pre-change tax attributes to offset its post-change taxable income or taxes may be limited. We may experience ownership changes in the future as a result of shifts in our stock ownership, some of which changes are outside our control. As a result, our ability to use our pre-change NOLs and other pre-change tax attributes to offset post-change taxable income or taxes may be subject to limitation.

**Risks Related to Our Business Strategy, Structure, and Organization**

***We currently have no products for sale. We are heavily dependent on the success of our product candidates, and we cannot give any assurances that any of our product candidates will receive regulatory approval or be successfully commercialized.***

To date, we have invested a significant portion of our efforts and financial resources in the acquisition and development of our product candidates. We have not demonstrated our ability to perform the functions necessary for the successful acquisition, development or commercialization of the technologies we are seeking to develop. As an early stage company, we have limited experience and have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, particularly in the biopharmaceutical area. Our future success is substantially dependent on our ability to successfully develop, obtain regulatory approval for, and then commercialize such product candidates. Most of our product candidates are currently in early stage clinical trials. Our business depends entirely on the successful development and commercialization of our product candidates, which may never occur. We currently have no drug products for sale, currently generate no revenues from sales of any drug products, and may never be able to develop or commercialize a marketable product.

The successful development, and any commercialization, of our technologies and any product candidates that may occur would require us to successfully perform a variety of functions, including:

- developing our technology platform;
- identifying, developing, formulating, manufacturing and commercializing product candidates;
- entering into successful licensing and other arrangements with product development partners;
- participating in regulatory approval processes, including ultimately gaining approval to market a drug product, which may not occur;
- obtaining sufficient quantities of our product candidates from our third-party manufacturers to meet clinical trial needs and, if approved, to meet commercial demand at launch and thereafter;
- establishing and maintaining agreements with wholesalers, distributors and group purchasing organizations on commercially reasonable terms;
- conducting sales and marketing activities including hiring, training, deploying and supporting our sales force and creating market demand for our product candidates through our own marketing and sales activities, and any other arrangements to promote our product candidates that we may establish; and
- maintaining patent protection and regulatory exclusivity for our product candidates.

Our operations have been limited to organizing the Company, acquiring, developing and securing our proprietary technology and identifying and obtaining preclinical data or clinical data for various product candidates. These operations provide a limited basis for you to assess our ability to continue to develop our technology, identify product candidates, develop and commercialize any product candidates we are able to identify and enter into successful collaborative arrangements with other companies, as well as for you to assess the advisability of investing in our securities. Each of these requirements will require substantial time, effort and financial resources.

Each of our product candidates will require additional clinical development, management of clinical and manufacturing activities, regulatory approval in the jurisdictions in which we plan to market the product, obtaining manufacturing supply, building a commercial organization, and significant marketing efforts before we generate any revenues from product sales, which may not occur. We are not permitted to market or promote any of our product candidates in the U.S. or any other jurisdiction before we receive regulatory approval from the FDA or comparable foreign regulatory authority, respectively, and we may never receive such regulatory approval for any of our product candidates.

***Our future growth depends in part on our ability to identify and acquire or in-license products, and if we do not successfully identify and acquire or in-license related product candidates or integrate them into our operations, we may have limited growth opportunities.***

An important part of our business strategy is to continue to develop a pipeline of product candidates by acquiring or in-licensing products, businesses or technologies that we believe are a strategic fit with our focus on *ex vivo* lentiviral gene therapy for rare genetic diseases and on novel combinations of CAR T cells with immuno-oncology antibodies, other biologics, and small molecule kinase inhibitors. Future in-licenses or acquisitions, however, may entail numerous operational and financial risks, including, but not necessarily limited to:

- exposure to unknown liabilities;
- disruption of our business and diversion of our management's time and attention to develop acquired products or technologies;
- difficulty or inability to secure financing to fund development activities for such acquired or in-licensed technologies in the current economic environment;
- incurrence of substantial debt or dilutive issuances of securities to pay for acquisitions;
- higher than expected acquisition and integration costs;
- increased amortization expenses;
- difficulty and cost in combining the operations and personnel of any acquired businesses with our operations and personnel;
- impairment of relationships with key suppliers or customers of any acquired businesses due to changes in management and ownership; and
- inability to retain key employees of any acquired businesses.

We have limited resources to identify and execute the acquisition or in-licensing of third-party products, businesses and technologies and integrate them into our current infrastructure. In particular, we may compete with larger pharmaceutical companies and other competitors in our efforts to establish new collaborations and in-licensing opportunities. These competitors may have access to greater financial resources than us and may have greater expertise in identifying and evaluating new opportunities. Moreover, we may devote resources to potential acquisitions or in-licensing opportunities that are never completed, or we may fail to realize the anticipated benefits of such efforts.

***Our approach to the development of our product candidates is unproven, and we do not know whether we will be able to develop any products of commercial value.***

Our products candidates are emerging technologies and, consequently, it is conceivable that such technologies may ultimately fail to develop into commercially viable therapies to treat human patients with cancer or other diseases. One of the reasons for the lack of commercial viability could be our inability to obtain regulatory approval for such technologies.

***CAR T is a new approach to cancer treatment that presents significant challenges.***

We have concentrated much of our research and development efforts on CAR T technology, and our future success is highly dependent on the successful development of T cell immunotherapies in general and our CAR T technology and product candidates in particular. Because CAR T is a new approach to cancer immunotherapy and cancer treatment generally, developing and commercializing our product candidates subjects us to a number of challenges, including, but not necessarily limited to:

- obtaining regulatory approval from the FDA and other regulatory authorities that may have very limited experience with the commercial development of genetically modified T cell therapies for cancer;

- developing and deploying consistent and reliable processes for engineering a patient's T cells ex vivo and infusing the engineered T cells back into the patient;
- conditioning patients with chemotherapy in conjunction with delivering each of our products, which may increase the risk of adverse side effects of our products;
- educating medical personnel regarding the potential side effect profile of each of our products;
- developing processes for the safe administration of these products, including long-term follow-up for all patients who receive our product candidates;
- sourcing clinical and, if approved, commercial supplies for the materials used to manufacture and process our product candidates;
- developing a manufacturing process and distribution network with a cost of goods that allows for an attractive return on investment;
- establishing sales and marketing capabilities after obtaining any regulatory approval to gain market acceptance, and obtaining adequate coverage, reimbursement and pricing by third-party payors and government authorities; and
- developing therapies for types of cancers beyond those addressed by our current product candidates.

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

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

***We are a "smaller reporting company," and the reduced disclosure requirements applicable to smaller reporting companies may make our common stock less attractive to investors.***

We are a smaller reporting company, and we will remain a smaller reporting company until the fiscal year following the determination that our voting and non-voting common shares held by non-affiliates is more than $250 million measured on the last business day of our second fiscal quarter, or our annual revenues are more than $100 million during the most recently completed fiscal year and our voting and non-voting common shares held by non-affiliates is more than $700 million measured on the last business day of our second fiscal quarter. Smaller reporting companies are able to provide simplified executive compensation disclosure, are exempt from the auditor attestation requirements of Section 404, and have certain other reduced disclosure obligations, including, among other things, being required to provide only two years of audited financial statements and not being required to provide selected financial data, supplemental financial information or risk factors.

We have elected to take advantage of certain of the reduced reporting obligations available to us. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be reduced or more volatile.

**Risks Inherent in Drug Development and Commercialization**

***Delays in the commencement or conduct of our clinical trials could result in increased costs and delay our ability to pursue regulatory approval.***

The commencement or conduct of clinical trials can be delayed for a variety of reasons, including, but not necessarily limited to, delays in:

- obtaining regulatory approval to commence a clinical trial;

- identifying, recruiting and training suitable clinical investigators;
- reaching and preserving agreements on acceptable terms with prospective clinical research organizations ("CROs") and trial sites, the terms of which can be subject to extensive negotiation, may be subject to modification from time to time and may vary significantly among different CROs and trial sites;
- obtaining sufficient quantities of a product candidate for use in clinical trials;
- obtaining Institutional Review Board ("IRB") or ethics committee approval to conduct a clinical trial at a prospective site;
- developing and validating companion diagnostics on a timely basis, if required;
- adding new clinical sites once a trial has begun;
- change in the principal investigator or other key staff overseeing the clinical trial at a given site;
- identifying, recruiting and enrolling patients to participate in a clinical trial; or
- retaining (or replacing) patients who have initiated a clinical trial but who may withdraw due to adverse events from the therapy, insufficient efficacy, fatigue with the clinical trial process, personal issues, or other reasons.

Any delays in the commencement of our clinical trials will delay our ability to pursue regulatory approval for product candidates. In addition, many of the factors that cause, or lead to, a delay in the commencement of clinical trials may also ultimately lead to the denial of regulatory approval of a product candidate.

***Suspensions or delays in the completion of clinical testing could result in increased costs and delay or prevent our ability to complete development of that product or generate product revenues.***

Once a clinical trial has begun, patient recruitment and enrollment may be slower than we anticipate due to the nature of the clinical trial plan, the proximity of patients to clinical sites, the eligibility criteria for participation in the study or other factors. Clinical trials may also be delayed as a result of ambiguous or negative interim results or difficulties in obtaining sufficient quantities of product manufactured in accordance with regulatory requirements and on a timely basis. Further, a clinical trial may be modified, suspended or terminated by us, an IRB, an ethics committee or a data safety monitoring committee overseeing the clinical trial, any clinical trial site with respect to that site, or the FDA or other regulatory authorities, due to a number of factors, including, but not necessarily limited to:

- failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols;
- inspection of the clinical trial operations or clinical trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold;
- stopping rules contained in the protocol;
- unforeseen safety issues or any determination that the clinical trial presents unacceptable health risks; and
- lack of adequate funding to continue the clinical trial.

Changes in regulatory requirements and guidance also may occur, and we may need to amend clinical trial protocols to reflect these changes. Amendments may require us to resubmit clinical trial protocols to IRBs for re-examination, which may in turn impact the costs and timing of, and the likelihood of successfully completing, a clinical trial. If we experience delays in the completion of, or if we must suspend or terminate, any clinical trial of any product candidate, our ability to obtain regulatory approval for that product candidate will be delayed, and the commercial prospects, if any, for the product candidate may suffer as a result. In addition, many of these factors may also ultimately lead to the denial of regulatory approval of a product candidate.

***Product candidates that we advance into clinical trials may not receive regulatory approval.***

Pharmaceutical development has inherent risks. We will be required to demonstrate through well-controlled clinical trials that product candidates are effective with a favorable benefit-risk profile for use in their target indications before seeking regulatory approvals for their

commercial sale. Success in early clinical trials does not mean that later clinical trials will be successful, as product candidates in later-stage clinical trials may fail to demonstrate sufficient safety or efficacy despite having progressed through initial clinical testing. Also, we may need to conduct additional clinical trials that are not currently anticipated. Companies frequently suffer significant setbacks in advanced clinical trials, even after earlier clinical trials have shown promising results. As a result, product candidates that we advance into clinical trials may not receive regulatory approval.

In addition, even if our product candidates were to obtain approval, regulatory authorities may approve any such product candidates or any future product candidate for fewer or more limited indications than we request, may not approve the price we intend to charge for our products, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. The regulatory authority may also require the label to contain warnings, contraindications, or precautions that limit the commercialization of the product. In addition, the DEA (or foreign equivalent) may classify one or more of our product candidates in scheduling under the Controlled Substances Act (or its foreign equivalent) that could impede such product's commercial viability. Any of these scenarios could impact the commercial prospects for one or more of our current or future product candidates.

***Any product candidates we advance into clinical development are subject to extensive regulation, which can be costly and time consuming, cause unanticipated delays or prevent the receipt of the required approvals to commercialize product candidates.***

The research and clinical development, testing, manufacturing, labeling, storage, record-keeping, advertising, promotion, import, export, marketing and distribution of any product candidate, including our product candidates, is subject to extensive regulation by the FDA in the United States and by comparable health authorities in foreign markets. In the United States, we are not permitted to market a product candidate until such product candidate's BLA or NDA is approved by the FDA. The process of obtaining approval is uncertain, expensive, often spanning many years, and can vary substantially based upon the type, complexity and novelty of the products involved. In addition to significant and expensive clinical testing requirements, our ability to obtain marketing approval for product candidates depends on obtaining the final results of required non-clinical testing, including characterization of the manufactured components of our product candidates and validation of our manufacturing processes. The FDA may determine that our product manufacturing processes, testing procedures or equipment and facilities are inadequate to support approval. Approval policies or regulations may change, and the FDA has substantial discretion in the pharmaceutical approval process, including the ability to delay, limit or deny approval of a product candidate for many reasons. Despite the time and expense invested in the clinical development of product candidates, regulatory approval is never guaranteed.

The FDA and other regulatory agencies can delay, limit or deny approval of a product candidate for many reasons, including, but not limited to:

- the FDA or comparable foreign regulatory authorities may disagree with the trial design or implementation of our clinical trials, including proper use of clinical trial methods and methods of data analysis;
- an inability to establish sufficient data and information to demonstrate to the satisfaction of the FDA that a product candidate is safe and effective for an indication;
- the FDA may not accept clinical data from trials conducted by individual investigators or in countries where the standard of care is potentially different from that of the United States;
- the results of clinical trials may not meet the level of statistical significance required by the FDA for approval;
- the FDA may disagree with the interpretation of data from preclinical studies or clinical trials;
- the FDA may determine that our manufacturing processes or facilities or those of third-party manufacturers with which we or our respective collaborators currently contract for clinical supplies and plan to contract for commercial supplies do not satisfactorily comply with CGMPs; or
- the approval policies or interpretation of regulations of the FDA may significantly change in a manner rendering the clinical data insufficient for approval or the product characteristics or benefit-risk profile unfavorable for approval.

With respect to foreign markets, approval procedures vary among countries and, in addition to the aforementioned risks, can involve additional product testing, administrative review periods and agreements with pricing authorities. In addition, rapid drug and biological development during the COVID-19 pandemic has raised questions about the safety and efficacy of certain marketed pharmaceuticals and may result in increased cautiousness by the FDA and comparable foreign regulatory authorities in reviewing new pharmaceuticals based on

safety, efficacy or other regulatory considerations and may result in significant delays in obtaining regulatory approvals. Any delay in obtaining, or inability to obtain, applicable regulatory approvals would prevent us from commercializing our product candidates.

***Regulatory approval for our product candidates by the FDA, or any similar regulatory authorities outside the United States, is limited to those specific indications and conditions for which clinical safety and efficacy have been demonstrated.***

Any regulatory approval is limited to the indications for use and related treatment of those specific diseases and indications set forth in the approval for which a product is deemed to be safe and effective by the FDA, or other similar regulatory authorities outside the United States. In addition to the regulatory approval required for new drug products, new formulations or indications for an approved product also require regulatory approval. If we are not able to obtain regulatory approval for any desired future indications for our products, our ability to effectively market and sell our products may be reduced and our business may be adversely affected.

While physicians may choose to prescribe drugs for uses that are not described in the product's labeling and for uses that differ from those tested in clinical studies and approved by the regulatory authorities ("off-label uses"), our ability to promote the products is limited to those indications that are specifically approved by the FDA, or similar regulatory authorities outside the United States. Such off-label uses are common across medical specialties and may constitute an appropriate treatment for some patients in certain circumstances. Regulatory authorities in the U.S. generally do not regulate practice of medicine or the behavior of physicians in their choice of treatments. Regulatory authorities do, however, restrict communications by pharmaceutical companies on the promotion of off-label use. If our promotional activities fail to comply with these regulations or guidelines, we may be subject to compliance or enforcement actions, including Warning Letters, by these authorities. In addition, our failure to follow FDA laws, regulations and guidelines relating to promotion and advertising may cause the FDA to suspend or withdraw an approved product from the market, request a recall or institute fines or penalties, or could result in disgorgement of money, operating restrictions, corrective advertising, injunctions or criminal prosecution, any of which could harm our business.

***If any of our product candidates are approved and we or our contract manufacturer(s) fail to produce the product, or components of the product, in the volumes that we require on a timely basis, or fail to comply with stringent regulations applicable to pharmaceutical drug manufacturers, we may face delays in the commercialization of our product candidates or be unable to meet market demand, and may lose potential revenues.***

The manufacture of pharmaceutical products requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls, and the use of specialized processing equipment. We may enter into development and supply agreements with contract manufacturers for the completion of pre-commercialization manufacturing development activities and, if approved, the manufacture of commercial supplies for one or more of our product candidates. Any termination or disruption of our relationships with our contract manufacturers may materially harm our business and financial condition and frustrate any commercialization efforts for each respective product candidate.

All of our contract manufacturers must comply with strictly enforced federal, state and foreign regulations, including cGMP requirements enforced by the FDA through its establishment inspection program. We are required by law to establish adequate oversight and control over raw materials, components and finished products furnished by our third-party suppliers and contract manufacturers, but we have little control over their compliance with these regulations. Any failure to comply with applicable regulations may result in fines and civil penalties, suspension of production, restrictions on imports and exports, suspension or delay in product approval, product seizure or recall, or withdrawal of product approval, and would limit the availability of our product and customer confidence in our product. Any manufacturing defect or error discovered after products have been produced and distributed could result in even more significant consequences, including costly recalls, re-stocking costs, damage to our reputation and potential for product liability claims.

If the contract manufacturers upon whom we may rely to manufacture one or more of our product candidates, and any future product candidate we may in-license, fails to deliver the required commercial quantities on a timely basis at commercially reasonable prices, we would likely be unable to meet demand for our products and we would lose potential revenues.

***If serious adverse or unacceptable side effects are identified during the development of one or more of our product candidates or any future product candidate, we may need to abandon or limit the development of some of our product candidates.***

If one or more of our product candidates or any future product candidate are associated with undesirable side effects or adverse events in clinical trials or have characteristics that are unexpected, we may need to abandon their development or limit development to more narrow uses or subpopulations in which the adverse events, undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. In our industry, many compounds that initially showed promise in early stage testing have later

been found to cause serious adverse events that prevented further development of the compound. In the event that our clinical trials reveal a high or unacceptable severity and prevalence of adverse events, our trials could be suspended or terminated, and the FDA or comparable foreign regulatory authorities could order us to cease further development or deny approval of one or more of our product candidates or any future product candidate for any or all targeted indications. The FDA could also issue a letter requesting additional data or information prior to making a final decision regarding whether or not to approve a product candidate. The number of requests for additional data or information issued by the FDA in recent years has increased and has resulted in substantial delays in the approval of several new drugs. Adverse events or undesirable side effects caused by one or more of our product candidates or any future product candidate could also result in the inclusion of unfavorable information in our product labeling or in denial of regulatory approval by the FDA or other regulatory authorities for any or all targeted indications, which would, in turn, prevent us from commercializing and generating market acceptance and revenues from the sale of that product candidate. Adverse events or side effects could affect patient recruitment or the ability of enrolled patients to complete the trial and could result in potential product liability claims.

Additionally, if one or more of our product candidates or any future product candidate receives marketing approval and we or others later identify undesirable side effects caused by this product, a number of potentially significant negative consequences could result, including:

- regulatory authorities may require the addition of unfavorable labeling statements, including specific warnings , black box warnings, adverse reactions, precautions, and/or contraindications;
- regulatory authorities may suspend or withdraw their approval of the product, and/or require it to be removed from the market;
- we may be required to change the way the product is administered, conduct additional clinical trials or change the labeling of the product; or
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of any of our product candidates or any future product candidate or could substantially increase our commercialization costs and expenses, which in turn could delay or prevent us from generating significant revenues, or any revenues, from its sale.

***Even if one or more of our product candidates receives regulatory approval, it and any other products we may market will remain subject to substantial regulatory scrutiny.***

If one or more of our product candidates that we may license or acquire is approved, the approved product candidate will be subject to ongoing requirements and review by the FDA and other regulatory authorities. These requirements include labeling, packaging, storage, advertising, promotion, record-keeping and submission of safety and other post-market information and reports, registration and listing requirements, cGMP requirements relating to manufacturing, quality control, quality assurance and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians and recordkeeping of the drug, and requirements regarding our presentations to and interactions with health care professionals.

The FDA, or other regulatory authorities, may also impose requirements for costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of the product. The FDA and other applicable regulatory authorities closely regulates the post-approval marketing and promotion of drugs to ensure drugs are marketed only for the approved indications and in accordance with the provisions of the approved labeling. The FDA and other applicable regulatory authorities impose stringent restrictions on manufacturers' communications regarding off-label use and if we do not market our products for only their approved indications, we may be subject to enforcement action for off-label marketing. Violations of the FDCA relating to the promotion of prescription drugs may lead to investigations, civil claims, and/or criminal charges alleging violations of federal and state health care fraud and abuse laws, as well as state consumer protection laws.

In addition, later discovery of previously unknown adverse events or other problems with our products, manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may yield various results, including:

- restrictions on such products, operations, manufacturers or manufacturing processes;
- restrictions on the labeling or marketing of a product;
- restrictions on product distribution or use;
- requirements to conduct post-marketing studies or clinical trials;

- warning letters, untitled letters, import alerts, and/or inspection observations;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recall of products;
- fines, restitution or disgorgement of profits;
- suspension or withdrawal of marketing or regulatory approvals;
- suspension of any ongoing clinical trials;
- refusal to permit the import or export of our products;
- product seizure; or
- injunctions, consent decrees, and/or the imposition of civil or criminal penalties.

The FDA's policies may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates, or negatively affect those products for which we may have already received regulatory approval, if any. 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 be subject to the various actions listed above, including losing any marketing approval that we may have obtained.

***We will need to obtain FDA approval of any proposed product brand names, and any failure or delay associated with such approval may adversely impact our business.***

A pharmaceutical product cannot be marketed in the U.S. or other countries until we have completed a rigorous and extensive regulatory review process, including approval of a brand name. Any brand names we intend to use for our product candidates will require approval from the FDA regardless of whether we have secured a formal trademark registration from the USPTO. The FDA typically conducts a review of proposed product brand names, including an evaluation of the potential for confusion with other product names. The FDA may also object to a product brand name if it believes the name inappropriately implies medical claims. If the FDA objects to any of our proposed product brand names, we may be required to adopt an alternative brand name for our product candidates. If we adopt an alternative brand name, we would lose the benefit of our existing trademark applications for such product candidate and may be required to expend significant additional resources in an effort to identify a suitable product brand name that would qualify under applicable trademark laws, not infringe the existing rights of third parties and be acceptable to the FDA. We may be unable to build a successful brand identity for a new trademark in a timely manner or at all, which would limit our ability to commercialize our product candidates.

***Public concern regarding the safety of drug products could delay or limit our ability to obtain regulatory approval, result in the inclusion of unfavorable information in our labeling, or require us to undertake other activities that may entail additional costs.***

In light of widely publicized events concerning the safety risk of certain drug products, the FDA, members of the U.S. Congress, the Government Accountability Office, medical professionals and the general public have raised concerns about potential drug safety issues. These events have resulted in the withdrawal of drug products, revisions to drug labeling that further limit use of the drug products and the establishment of risk management programs. The Food and Drug Administration Amendments Act of 2007, or FDAAA, grants significant expanded authority to the FDA, much of which is aimed at improving the safety of drug products before and after approval. In particular, the new law authorizes the FDA to, among other things, require post-approval studies and clinical trials, mandate changes to drug labeling to reflect new safety information and require risk evaluation and mitigation strategies for certain drugs, including certain currently approved drugs. It also significantly expands the federal government's clinical trial registry and results databank, which we expect will result in significantly increased government oversight of clinical trials. Under the FDAAA, companies that violate these and other provisions of the new law are subject to substantial civil monetary penalties, among other regulatory, civil and criminal penalties. The increased attention to drug safety issues may result in a more cautious approach by the FDA in its review of data from our clinical trials. Data from clinical trials may receive greater scrutiny, particularly with respect to safety, which may make the FDA or other regulatory authorities more likely to require additional preclinical studies or clinical trials. If the FDA requires us to conduct additional preclinical studies or clinical trials prior to approving any of our product candidates, our ability to obtain approval of this product candidate will be delayed. If the FDA requires us

to provide additional clinical or preclinical data following the approval of any of our product candidates, the indications for which this product candidate is approved may be limited or there may be specific warnings or limitations on dosing, and our efforts to commercialize our product candidates may be otherwise adversely impacted.

***If we experience delays or difficulties in the enrollment of patients in clinical trials, our receipt of necessary regulatory approvals could be delayed or prevented.***

We may not be able to initiate or continue clinical trials for one or more of our product candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA or similar regulatory authorities outside the United States. Some of our competitors have ongoing clinical trials for product candidates that treat the same indications that we are targeting for our product candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in clinical trials of our competitors' product candidates. Available therapies for the indications we are pursuing can also affect enrollment in our clinical trials. Patient enrollment is affected by other factors including, but not necessarily limited to:

- the severity of the disease under investigation;
- the eligibility criteria for the study in question;
- the perceived risks and benefits of the product candidate under study;
- the efforts to facilitate timely enrollment in clinical trials;
- the patient referral practices of physicians;
- the number of clinical trials sponsored by other companies for the same patient population;
- the ability to monitor patients adequately during and after treatment; and
- the proximity and availability of clinical trial sites for prospective patients.

Our inability to enroll a sufficient number of patients for our clinical trials would result in significant delays and could require us to abandon one or more clinical trials altogether. Enrollment delays in our clinical trials may result in increased development costs for our product candidates or future product candidates, which would cause the value of the Company to decline and limit our ability to obtain additional financing.

***If our competitors develop treatments for any of our product candidates' target indications and those competitor products are approved more quickly, marketed more successfully or demonstrated to be more effective, the commercial opportunity for our product candidate will be reduced or eliminated.***

The biotechnology and pharmaceutical industries are subject to rapid and intense technological change. We face, and will continue to face, competition in the development and, if approved, marketing of our product candidates from academic institutions, government agencies, research institutions and biotechnology and pharmaceutical companies. There can be no assurance that developments by others will not render one or more of our product candidates obsolete or noncompetitive. Furthermore, new developments, including the development of other drug technologies and methods of preventing the incidence of disease, occur in the pharmaceutical industry at a rapid pace. These developments may render one or more of our product candidates obsolete or noncompetitive.

Competitors may seek to develop alternative formulations that do not directly infringe on our in-licensed patent rights. The commercial opportunity for one or more of our product candidates could be significantly harmed if competitors are able to develop alternative formulations outside the scope of our in-licensed patents. Compared to us, many of our potential competitors have substantially greater:

- capital resources;
- development resources, including personnel and technology;
- clinical trial experience;
- regulatory experience;

- expertise in prosecution of intellectual property rights; and
- manufacturing, distribution and sales and marketing experience.

As a result of these factors, our competitors may obtain regulatory approval of their products more rapidly than we are able to or may obtain patent protection or other intellectual property rights that limit our ability to develop or commercialize one or more of our product candidates. Our competitors may also develop drugs that are more effective, safe, useful and less costly than ours and may be more successful than us in manufacturing and marketing their products. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. We will also face competition from these third parties in establishing clinical trial sites, in patient registration for clinical trials, and in identifying and in-licensing new product candidates.

Further, generic therapies are typically sold at lower prices than branded therapies and are generally preferred by hospital formularies and managed care providers of health services. We anticipate that, if approved, our product candidates will face increasing competition in the form of generic versions of branded products of competitors, including those that have lost or will lose their patent exclusivity. In the future, we may face additional competition from a generic form of our own candidates when the patents covering them begin to expire, or earlier if the patents are successfully challenged. If we are unable to demonstrate to physicians and payers that the key differentiating features of our product candidates translate to overall clinical benefit or lower cost of care, we may not be able to compete with generic alternatives.

***If any of our product candidates are successfully developed but do not achieve broad market acceptance among physicians, patients, healthcare payors and the medical community, the revenues that any such product candidates generate from sales will be limited.***

Even if our product candidates receive regulatory approval, they may not gain market acceptance among physicians, patients, healthcare payors and the medical community. Coverage and reimbursement of our product candidates by third-party payors, including government payors, generally would also be necessary for commercial success. The degree of market acceptance of any approved products would depend on a number of factors, including, but not necessarily limited to:

- the efficacy and safety as demonstrated in clinical trials;
- the timing of market introduction of such product candidate as well as competitive products;
- the clinical indications for which the product is approved;
- acceptance by physicians, major operators of cancer clinics and patients of the product as a safe and effective treatment;
- the safety of such product candidates seen in a broader patient group, (i.e., based on actual use);
- the availability, cost and potential advantages of alternative treatments, including less expensive generic drugs;
- the availability of adequate reimbursement and pricing by third-party payors and government authorities;
- changes in regulatory requirements by government authorities for our product candidates;
- the relative convenience and ease of administration of the product candidate for clinical practices;
- the product labeling or product insert required by the FDA or regulatory authority in other countries, including any contradictions, warnings, drug interactions, or other precautions;
- changes in the standard of care for the targeted indications for our product candidate or future product candidates, which could reduce the marketing impact of any labeling or marketing claims that we could make following FDA approval;
- the approval, availability, market acceptance and reimbursement for a companion diagnostic, if any;
- the prevalence and severity of adverse side effects; and
- the effectiveness of our sales and marketing efforts.

If any product candidate that we develop does not provide a treatment regimen that is as beneficial as, or is not perceived as being as beneficial as, the current standard of care or otherwise does not provide patient benefit, that product candidate, if approved for commercial sale by the FDA or other regulatory authorities, likely will not achieve market acceptance. Our ability to effectively promote and sell any approved products will also depend on pricing and cost-effectiveness, including our ability to produce a product at a competitive price and our ability to obtain sufficient third-party coverage or reimbursement. If any product candidate is approved but does not achieve an adequate level of acceptance by physicians, patients and third-party payors, our ability to generate revenues from that product would be substantially reduced. In addition, our efforts to educate the medical community and third-party payors on the benefits of our product candidates may require significant resources, may be constrained by FDA rules and policies on product promotion, and may never be successful.

***Reimbursement may be limited or unavailable in certain market segments for our product candidates, which could make it difficult for us to sell our products profitably.***

There is significant uncertainty related to the third-party coverage and reimbursement of newly approved drugs. Such third-party payors include government health programs such as Medicare, managed care providers, private health insurers and other organizations. We intend to seek approval to market our product candidates in the U.S., the EU and other selected foreign jurisdictions. Market acceptance and sales of our product candidates in both domestic and international markets will depend significantly on the availability of adequate coverage and reimbursement from third-party payors for any of our product candidates and may be affected by existing and future health care reform measures. Government and other third-party payors are increasingly attempting to contain healthcare costs by limiting both coverage and the level of reimbursement for new drugs and, as a result, they may not cover or provide adequate payment for our product candidates. These payors may conclude that our product candidates are less safe, less effective or less cost-effective than existing or future introduced products, and third-party payors may not approve our product candidates for coverage and reimbursement or may cease providing coverage and reimbursement for these product candidates.

Obtaining coverage and reimbursement approval for a product from a government or other third-party payor is a time consuming and costly process that could require us to provide to the payor supporting scientific, clinical and cost-effectiveness data for the use of our products. We may not be able to provide data sufficient to gain acceptance with respect to coverage and reimbursement. If reimbursement of our future products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, we may be unable to achieve or sustain profitability.

In some foreign countries, particularly in the EU, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product candidate. To obtain reimbursement or pricing approval in some countries, we may be required to conduct additional clinical trials that compare the cost-effectiveness of our product candidates to other available therapies. If reimbursement of our product candidates is unavailable or limited in scope or amount in a particular country, or if pricing is set at unsatisfactory levels, we may be unable to achieve or sustain profitability of our products in such a country.

***If we are unable to establish sales, marketing and distribution capabilities or to enter into agreements with third parties to market and sell our product candidates, we may be unsuccessful in commercializing our product candidates, if they are approved.***

We currently do not have a marketing or sales organization for the marketing, sales and distribution of pharmaceutical products. In order to commercialize any approved product candidate, we would need to build marketing, sales, distribution, managerial and other non-technical capabilities or arrange for third parties to perform these services, and we may be unsuccessful in doing so. In the event of successful development and regulatory approval of any of our current or future product candidates, we expect to build a targeted specialist sales force to market or co-promote the product. There are risks involved with establishing our own sales, marketing 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 commercialize our products on our own include, but are not necessarily limited to:

- 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 or persuade adequate numbers of physicians to prescribe any future products;

- the lack of complementary or other products to be offered by sales personnel, which may put us at a competitive disadvantage from the perspective of sales efficiency relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating our own sales and marketing organization.

***We face potential product liability exposure, and if successful claims are brought against us, we may incur substantial liability for one or more of our product candidates or a future product candidate we may license or acquire and may have to limit their commercialization.***

The use of one or more of our product candidates and any future product candidate we may license or acquire in clinical trials and the sale of any products for which we obtain marketing approval expose us to the risk of product liability claims. For example, we may be sued if any product we develop allegedly causes injury or is found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability or a breach of warranties. Product liability claims might be brought against us by consumers, health care providers or others using, administering or selling our products. If we cannot successfully defend ourselves against these claims, we will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- withdrawal of clinical trial participants;
- suspension or termination of clinical trial sites or entire trial programs;
- decreased demand for any product candidates or products that we may develop;
- initiation of investigations by regulators;
- impairment of our business reputation;
- costs of related litigation;
- substantial monetary awards to patients or other claimants;
- loss of revenues;
- reduced resources of our management to pursue our business strategy; and
- the inability to commercialize our product candidate or future product candidates.

We will obtain limited product liability insurance coverage for any and all of our upcoming clinical trials. However, our insurance coverage may not reimburse us or may not be sufficient to reimburse us for any expenses or losses we may suffer. Moreover, insurance coverage is becoming increasingly expensive, and, in the future, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. When needed we intend to expand our insurance coverage to include the sale of commercial products if we obtain marketing approval for one or more of our product candidates in development, but we may be unable to obtain commercially reasonable product liability insurance for any products approved for marketing. On occasion, large judgments have been awarded in class action lawsuits based on drugs that had unanticipated side effects. A successful product liability claim or series of claims brought against us could cause our stock price to fall and, if judgments exceed our insurance coverage, could decrease our cash and adversely affect our business.

***Product candidates, even if successfully developed and commercialized, may be effective only in combating certain specific types of cancer, and the market for drugs designed to combat such cancer type(s) may be small and unprofitable.***

There are many different types of cancer, and a treatment that is effective against one type of cancer may not be effective against another. CAR T or other technologies we pursue may only be effective in combating specific types of cancer but not others. Even if one or more of our products proves to be an effective treatment against a given type of cancer, the number of patients suffering from such cancer may be small, in which case potential sales from a therapy designed to combat such cancer would be limited.

***Our gene therapy product candidates are based on a novel technology, which makes it difficult to predict the time and cost of product candidate development and subsequently obtaining regulatory approval.***

We have concentrated a portion of our therapeutic product research and development efforts on our gene therapy platform, and our future success depends, in part, on the successful development of this therapeutic approach. There can be no assurance that any development problems we experience in the future related to our gene therapy platform will not cause significant delays or unanticipated costs, or that such development problems can be solved. We may also experience delays in developing a sustainable, reproducible and commercial-scale manufacturing process or transferring that process to commercial partners, which may prevent us from completing our clinical studies or commercializing our products on a timely or profitable basis, if at all.

In addition, the clinical study requirements of the FDA, the European Medicines Agency, or EMA, and other regulatory agencies and the criteria these regulators use to determine the safety and efficacy of a product candidate vary substantially according to the type, complexity, novelty and intended use and market of the potential products. The regulatory approval process for novel product candidates such as ours can be more expensive and take longer than for other, better known or more extensively studied pharmaceutical or other product candidates. Currently, a limited number of gene therapy products, including CAR T therapies, have been approved by the FDA, the EMA and the European Commission. Given the few precedents of approved gene therapy products, it is difficult to determine how long it will take or how much it will cost to obtain regulatory approvals for our product candidates in the United States, the EU or other jurisdictions. Approvals by the EMA and the European Commission may not be indicative of what the FDA may require for approval.

Regulatory requirements governing the development of gene therapy products have changed frequently and may continue to change in the future. The FDA has established the Office of Tissues and Advanced Therapies within the Center for Biologics Evaluation and Research, or CBER, to consolidate the review of gene therapy and related products, and to advise the CBER on its review. The FDA can put an IND on clinical hold if the information in an IND is not sufficient to assess the risks in pediatric patients. Before a clinical study can begin at any institution, that institution's IRB and its Institutional Biosafety Committee will have to review the proposed clinical study to assess the safety of the study. Moreover, serious adverse events or developments in clinical trials of gene therapy product candidates conducted by others may cause the FDA or other regulatory bodies to initiate a clinical hold on our clinical trials or otherwise change the requirements for approval of any of our product candidates.

These regulatory review agencies, committees and advisory groups and the new requirements and guidelines they promulgate may lengthen the regulatory review process, require us to perform additional or larger studies, increase our development costs, lead to changes in regulatory positions and interpretations, delay or prevent approval and commercialization of these treatment candidates or lead to significant post-approval studies, limitations or restrictions. As we advance our product candidates, we will be required to consult with these regulatory and advisory groups and comply with applicable requirements and guidelines. If we fail to do so, we may be required to delay or discontinue development of our product candidates. Delay or failure to obtain, or unexpected costs in obtaining, the regulatory approval necessary to bring a potential product to market could decrease our ability to generate sufficient product revenue to maintain our business.

***Negative public opinion and increased regulatory scrutiny of the therapies that underpin many of our product candidates may damage public perception of our product candidates or adversely affect our ability to conduct our business or obtain regulatory approvals for our product candidates.***

Public perception may be influenced by claims that one or more of the therapies underpinning our product candidates, including without limitation gene therapy, is unsafe, and such therapy may not gain the acceptance of the public or the medical community. In particular, the success of our gene therapy platforms will depend upon physicians specializing in the treatment of those diseases that our product candidates target prescribing treatments that involve the use of our product candidates in lieu of, or in addition to, existing treatments with which they are already familiar and for which greater clinical data may be available. More restrictive government regulations or negative public opinion would have a negative effect on our business or financial condition and may delay or impair the development and commercialization of our product candidates or demand for any products we may develop. Adverse events in our clinical trials, even if not ultimately attributable to our product candidates, and the resulting publicity, could lead to increased governmental regulation, unfavorable public perception, potential regulatory delays in the testing or approval of our potential product candidates, stricter labeling requirements for those product candidates that do obtain approval and/or a decrease in demand for any such product candidates. Concern about environmental spread of our products, whether real or anticipated, may also hinder the commercialization of our products.

## Risks Related to Reliance on Third Parties

***We rely, and expect to continue to rely, on third parties to conduct our preclinical studies and clinical trials, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials or complying with applicable regulatory requirements.***

We rely on our licensors to conduct some of our preclinical studies and some of our clinical trials for our product candidates and for future product candidates, and we rely on third-party CROs and site management organizations to conduct most of the remainder of our preclinical studies and all the rest of our clinical trials. We expect to continue to rely on third parties, such as our licensors, CROs, site management organizations, clinical data management organizations, medical institutions and clinical investigators, to conduct some of our preclinical studies and all of our clinical trials. The agreements with these third parties might terminate for a variety of reasons, including a failure to perform by the third parties. If we need to enter into alternative arrangements, that could delay our product development activities.

Our reliance on these third parties for research and development activities reduces our control over these activities but does not relieve us of our responsibilities. For example, we remain responsible for ensuring that each of our preclinical studies and clinical trials are conducted in accordance with the general investigational plan and protocols for the trial and for ensuring that our preclinical studies are conducted in accordance with good laboratory practices ("GLPs") as appropriate. Moreover, the FDA requires us to comply with standards, commonly referred to as good clinical practices ("GCPs") for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. Regulatory authorities enforce these requirements through periodic inspections of trial sponsors, clinical investigators and trial sites. If we or any of our CROs fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a regulatory authority, such regulatory authority will determine that any of our clinical trials complies with GCP regulations. In addition, our clinical trials must be conducted with product produced under cGMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process. We also are required to register ongoing clinical trials and post the results of completed clinical trials on a government-sponsored database, ClinicalTrials.gov, within specified timeframes. Failure to do so can result in fines, adverse publicity and civil and criminal sanctions.

The third parties with whom we have contracted to help perform our preclinical studies and/or clinical trials may also have relationships with other entities, some of which may be our competitors. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct our preclinical studies or clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, marketing approvals for our product candidates and will not be able to, or may be delayed in our efforts to, successfully commercialize our product candidates.

If any of our relationships with these third-party CROs or site management organizations terminates, we may not be able to enter into arrangements with alternative CROs or site management organizations or to do so on commercially reasonable terms. Switching or adding additional CROs or site management organizations involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new CRO or site management organization commences work. As a result, delays could occur, which could compromise our ability to meet our desired development timelines. Though we carefully manage our relationships with our CROs or site management organizations, there can be no assurance that we will not encounter similar challenges or delays in the future. Forces beyond our control, including the impacts of COVID-19, could disrupt the ability of our third-party CROs, site management organizations, clinical data management organizations, medical institutions, and clinical investigators to conduct our preclinical studies and our clinical trials for our product candidates and for any future product candidate. As of the date of this Annual Report on Form 10-K, the Company has experienced a moderate impact on its long-term development timeline and its liquidity due to the worldwide spread of the COVID-19 virus.

***We are currently reliant on COH, Fred Hutch, St. Jude, UAB, Mayo Clinic, and LUMC for a substantial portion of our research and development efforts and the early clinical testing of our product candidates.***

A substantial portion of our research and development has been and will continue to be conducted by COH, Fred Hutch, St. Jude, UAB, LUMC and Mayo Clinic pursuant to a sponsored research agreement and/or clinical trial agreements with each of those parties. As a result, our future success is heavily dependent on the results of research and development efforts of Dr. Stephen Forman and his team at COH, of Drs. Brian Till and Mazyar Shadman and their team at Fred Hutch, of Drs. Stephen Gottschalk and Ewelina Mamcarz and their team at St. Jude, of Dr. James M. Markert and his team at UAB, of Dr. Frank J. Staal and his team at LUMC, and of Dr. Larry R. Pease and his team at Mayo Clinic. We have limited control over the nature or timing of their research and limited visibility into their day-to-day activities, and as a result can provide little assurance that their efforts will be successful.

***We contract with third parties for the manufacture of our product candidates for preclinical and clinical testing and may also do so for commercialization, if and when our product candidates are approved. This reliance on third parties increases the risk that we will not have sufficient quantities of our product candidates or any future product candidate or such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts.***

We may rely on third-party manufacturers or third-party collaborators for the manufacture of commercial supply of one or more product candidates for which our collaborators or we obtain marketing approval. We may be unable to establish any agreements with third-party manufacturers or to do so on acceptable terms. Even if we are able to establish agreements with third-party manufacturers, reliance on third-party manufacturers entails additional risks, including, but not necessarily limited to:

- reliance on the third party for regulatory compliance and quality assurance, while still being required by law to establish adequate oversight and control over products furnished by that third party;
- the possible breach of the manufacturing agreement by the third party;
- manufacturing delays if our third-party manufacturers are unable to obtain raw materials due to supply chain disruptions, give greater priority to the supply of other products over our product candidates or otherwise do not satisfactorily perform according to the terms of the agreement between us;
- the possible misappropriation of our proprietary information, including our trade secrets and know-how; and
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us.

We rely on our third-party manufacturers to produce or purchase from third-party suppliers the materials and equipment necessary to produce our product candidates for our preclinical and clinical trials. Forces beyond our control, including the effects of the COVID-19 pandemic, could disrupt the global supply chain and impact our or our third-party manufacturers' ability to obtain raw materials or other products necessary to manufacture our product candidates. There are a limited number of suppliers for raw materials and equipment that we use (or that are used on our behalf) to manufacture our drugs, and there may be a need to assess alternate suppliers to prevent a possible disruption of the manufacture of the materials and equipment necessary to produce our product candidates for our preclinical and clinical trials, and if approved, ultimately for commercial sale. We do not have any control over the process or timing of the acquisition of these raw materials or equipment by our third-party manufacturers. Any significant delay in the supply of a product candidate, or the raw material components thereof, for an ongoing preclinical or clinical trial due to the need to replace a third-party manufacturer could considerably delay completion of our preclinical or clinical trials, product testing and potential regulatory approval of our product candidates. If our manufacturers or we are unable to purchase these raw materials or equipment after regulatory approval has been obtained for our product candidates, the commercial launch of our product candidates would be delayed or there would be a shortage in supply, which would impair our ability to generate revenues from the sale of our product candidates.

The facilities used by contract manufacturers to potentially manufacture our product candidates must be approved by the FDA pursuant to inspections that will be conducted after we submit an NDA or BLA to the FDA. We are required by law to establish adequate oversight and control over raw materials, components and finished products furnished by our contract manufacturers, but we do not control the day-to-day manufacturing operations of, and are dependent on, the contract manufacturers for compliance with cGMP regulations for manufacture of our product candidates. Third-party manufacturers may not be able to comply with the cGMP regulations or similar regulatory requirements outside the United States. Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, restrictions on imports and exports, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates or products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our products.

One or more of the product candidates that we may develop may compete with other product candidates and products for access to manufacturing facilities. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us. Any performance failure on the part of our existing or future manufacturers could delay clinical development or marketing approval. We do not currently have arrangements in place for redundant supply. If our current contract manufacturers cannot perform as agreed, we may be required to replace such manufacturers. We may incur added costs and delays in identifying and qualifying any replacement manufacturers. The DEA restricts the importation of a controlled substance finished drug product when the same substance is commercially available in the United States, which could reduce the number of potential alternative manufacturers for one or more of our product candidates.

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

We also expect to rely on other third parties to distribute drug supplies for our clinical trials. Any performance failure on the part of our distributors could delay clinical development or marketing approval of our product candidates or commercialization of our products, if approved, producing additional losses and depriving us of potential product revenue.

***We rely on third parties to conduct all aspects of our lentiviral vector production and these third parties may not perform satisfactorily.***

We do not independently conduct our lentiviral vector production and we currently rely, and expect to continue to rely, on third parties with respect to the manufacture of these items.

Our reliance on these third parties for manufacturing lentiviral vector reduces our control over these activities but will not relieve us of our responsibility to ensure compliance with all required regulations and study protocols. For products that we develop and commercialize, we will remain responsible for ensuring that each of our IND-enabling studies and clinical studies is conducted in accordance with the study plan and protocols, and that our lentiviral vectors are manufactured in accordance with GMP as applied in the relevant jurisdictions.

If these third parties do not successfully carry out their contractual duties, meet expected deadlines, conduct our studies in accordance with regulatory requirements or our stated study plans and protocols, or manufacture our lentiviral vectors in accordance with GMP, we will not be able to complete, or may be delayed in completing, the preclinical and clinical studies and manufacturing process validation activities required to support future IND, market authorization application and BLA submissions and approval of our product candidates, or to support commercialization of our products, if approved. Many of our agreements with these third parties contain termination provisions that allow these third parties to terminate their relationships with us at any time. If we need to enter into alternative arrangements, our product development and commercialization activities could be delayed.

We may be forced to enter into an agreement with a different manufacturer, which we may not be able to do on reasonable terms, if at all. In some cases, the technical skills required to manufacture lentiviral vector for our drug product candidates may be unique or proprietary to the original manufacturer, and we may have difficulty or there may be contractual restrictions prohibiting us from, transferring such skills to a back-up or alternate supplier, or we may be unable to transfer such skills at all. Any of these events could lead to clinical study delays or failure to obtain marketing approval or impact our ability to successfully commercialize our product or any future products. Some of these events could be the basis for FDA action, including injunction, recall, seizure or total or partial suspension of production.

***We rely on clinical data and results obtained by third parties that could ultimately prove to be inaccurate or unreliable.***

As part of our strategy to mitigate development risk, we seek to develop product candidates with well-studied mechanisms of action, and we utilize biomarkers to assess potential clinical efficacy early in the development process. This strategy necessarily relies upon clinical data and other results obtained by third parties that may ultimately prove to be inaccurate or unreliable. Further, such clinical data and results may be based on products or product candidates that are significantly different from our product candidates or any future product candidate. If the third-party data and results we rely upon prove to be inaccurate, unreliable or not applicable to our product candidates or future product candidate, we could make inaccurate assumptions and conclusions about our product candidates and our research and development efforts could be compromised.

***We may need to license certain intellectual property from third parties, and such licenses may not be available or may not be available on commercially reasonable terms.***

A third party may hold intellectual property, including patent rights that are important or necessary to the development and commercialization of our products. It may be necessary for us to use the patented or proprietary technology of third parties, who may or may not be interested in granting such a license, to commercialize our products, in which case we would be required to obtain a license from these third parties on commercially reasonable terms, or our business could be harmed, possibly materially.

***Collaborative relationships with third parties could cause us to expend significant resources and incur substantial business risk with no assurance of financial return.***

Establishing strategic collaborations is difficult and time-consuming. Our discussions with potential collaborators may not lead to the establishment of collaborations on favorable terms, if at all. Potential collaborators may reject collaborations based upon their assessment of our financial, regulatory or intellectual property position. In addition, there has been a significant number of recent business combinations

among large pharmaceutical companies that have resulted in a reduced number of potential future collaborators. Even if we successfully establish new collaborations, these relationships may never result in the successful development or commercialization of product candidates or the generation of sales revenue. To the extent that we enter into collaborative arrangements, the related product revenues are likely to be lower than if we directly marketed and sold products. Such collaborators may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with us for any future product candidate.

**Risks Relating to Legislation and Regulation Affecting the Biopharmaceutical and Other Industries**

***We are subject to new legislation, regulatory proposals and managed care initiatives that may increase our costs of compliance and adversely affect our ability to market our products, obtain collaborators and raise capital.***

Legislative and regulatory changes to the healthcare systems of the United States and certain foreign countries could impact our ability to sell our products profitably. Several federal agencies including FDA, CMS and HHS, in addition to state and local governments regulate drug product development and marketing. In particular, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 ("MMA") changed the way Medicare covers and pays for pharmaceutical products by revising the payment methodology for many products reimbursed by Medicare, resulting in lower rates of reimbursement for many types of drugs, and added a prescription drug benefit to the Medicare program that involves commercial plans negotiating drug prices for their members. In addition, this law provided authority for limiting the number of drugs that will be covered in any therapeutic class. Cost reduction initiatives and other provisions of this law and future laws could decrease the coverage and price that we will receive for any approved products. While the MMA only applies to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own payment rates. Therefore, any limitations in reimbursement that results from the MMA may result in reductions in payments from private payors.

Since 2003, there have been several other legislative and regulatory changes to the coverage and reimbursement landscape for pharmaceuticals. In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, collectively, the "Affordable Care Act" or "ACA," was enacted in 2010 and made significant changes to the United States' healthcare system. The ACA and any revisions or replacements of that Act, any substitute legislation, and other changes in the law or regulatory framework could have a material adverse effect on our business.

Among the provisions of the ACA of importance to our potential product candidates are:

- an annual, nondeductible fee on any entity that manufactures, or imports specified branded prescription drugs and biological products, apportioned among these entities according to their market share in certain government healthcare programs;
- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program to 23.1% and 13.0% of the average manufacturer price for branded and generic drugs, respectively;
- expansion of healthcare fraud and abuse laws, including the federal False Claims Act and the federal Anti-Kickback Statute, new government investigative powers and enhanced penalties for non-compliance;
- a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for a manufacturer's outpatient drugs to be covered under Medicare Part D;
- extension of a manufacturer's Medicaid rebate liability to covered drugs dispensed to individuals who are enrolled in Medicaid managed care organizations;
- expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to additional individuals and by adding new mandatory eligibility categories for certain individuals with income at or below 138% of the federal poverty level, thereby potentially increasing a manufacturer's Medicaid rebate liability;
- expansion of the entities eligible to enroll in the 340B Drug Pricing Program to include certain critical access hospitals, freestanding cancer hospitals, rural referral centers, and sole community hospitals, but exempting certain drugs from the ceiling price requirements for these covered entities;
- the new requirements under the federal Open Payments program and its implementing regulations;

- a new requirement to annually report drug samples that manufacturers and distributors provide to physicians;
- a new regulatory pathway for the approval of biosimilar biological products, all of which will impact existing government healthcare programs and will result in the development of new programs; and
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research.

The Supreme Court upheld the ACA in the main challenge to the constitutionality of the law in 2012. Specifically, the Supreme Court held that the individual mandate and corresponding penalty was constitutional because it would be considered a tax by the federal government. The Supreme Court also upheld federal subsidies for purchasers of insurance through federally facilitated exchanges in a decision released in June 2015.

At the end of 2017, Congress passed the Tax Cuts and Jobs Act, which repealed the penalty for individuals who fail to maintain minimum essential health coverage as required by the ACA.

The Bipartisan Budget Act of 2018, the "BBA," which set government spending levels for Fiscal Years 2018 and 2019, revised certain provisions of the ACA. Specifically, beginning in 2019, the BBA increased manufacturer point-of-sale discounts off negotiated prices of applicable brand drugs in the Medicare Part D coverage gap from 50% to 70%, ultimately increasing the liability for brand drug manufacturers. Further, this mandatory manufacturer discount applied to biosimilars beginning in 2019.

In the United States there is significant interest in containing healthcare costs and increasing scrutiny of pharmaceutical pricing practices. Congress has continually explored legislation intended to address the cost of prescription drugs. Notably, the major committees of jurisdiction in the Senate (Finance Committee, Health, Education, Labor and Pensions Committee, and Judiciary Committee), regularly evaluate and hold hearings on legislation intended to address various elements of the prescription drug supply chain and prescription drug pricing. Proposals include a significant overhaul of the Medicare Part D benefit design, efforts to cap the increase in drug prices, create drug price transparency, and efforts to allow the Secretary of the Department of Health and Human Services to negotiate drug prices with prescription drug manufacturers. While we cannot predict what proposals may ultimately become law, the elements under consideration could significantly change the landscape in which the pharmaceutical market operates.

The former Trump administration took several regulatory steps and proposed numerous prescription drug cost control measures. Similarly, the Biden administration has identified promoting competition and lowering drug prices as a priority. State legislatures are similarly active in proposing and passing legislation and regulations aimed at controlling pharmaceutical and biological prices and drug cost transparency. There likely will continue to be legislative and regulatory proposals at the federal and state levels directed at broadening the availability of healthcare and containing or lowering the cost of healthcare products and services, including prescription drugs. We cannot predict the initiatives that may be adopted in the future. The continuing efforts of the government, insurance companies, managed care organizations and other payors of healthcare services to contain or reduce costs of healthcare and prescription drugs may adversely affect:

- the demand for any products for which we may obtain regulatory approval;
- our ability to set a price that we believe is fair for our products;
- our ability to generate revenues and achieve or maintain profitability;
- the level of taxes that we are required to pay; and
- the availability of capital.

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

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We cannot be sure whether additional legislative changes will be enacted, or whether the FDA regulations,

guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be. In addition, increased scrutiny by the U.S. Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements.

***Changes in funding for the FDA and other government agencies could hinder their ability to hire and retain key leadership and other personnel, or otherwise prevent new products and services from being developed or commercialized in a timely manner, which could negatively impact our business or the business of our partners.***

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

Disruptions at the FDA and other agencies may also slow the time necessary for new drugs to be reviewed and/or approved by necessary government agencies, which would adversely affect our business or the business of our partners. For example, over the last several years, including for 35 days beginning on December 22, 2018, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough nonessential FDA employees and stop routine activities. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business. If the timing of FDA's review and approval of new products is delayed, the timing of our or our partners' development process may be delayed, which could result in delayed milestone revenues and materially harm our operations or business.

The COVID-19 pandemic has caused considerable disruptions at the FDA, namely with respect to diverting the FDA's attention and resources to facilitate vaccine development and ensure rapid review and emergency use authorization of vaccines intended to prevent COVID-19. Continued focus on COVID-19 countermeasures, and the reorganization and rededication for critical resources, both at the FDA and within similar governmental authorities across the world, may impact the ability of new products and services from being developed or commercialized in a timely manner.

***Our current and future relationships with customers and third-party payors in the United States and elsewhere may be subject, directly or indirectly, to applicable anti-kickback, fraud and abuse, false claims, transparency, health information privacy and security 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 U.S. and elsewhere will play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our future arrangements with third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations, including, without limitation, the federal Anti-Kickback Statute and the federal False Claims Act, which may constrain the business or financial arrangements and relationships through which we sell, market and distribute any product candidates for which we obtain marketing approval. In addition, we may be subject to transparency laws and patient privacy regulation by the federal and state governments and by governments in foreign jurisdictions in which we conduct our business. The applicable federal, state and foreign healthcare laws and regulations that may affect our ability to operate include, but are not necessarily limited to:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under federal and state healthcare programs, such as Medicare and Medicaid;
- federal civil and criminal false claims laws and civil monetary penalty laws, including the federal False Claims Act, which impose criminal and civil penalties, including civil whistleblower or qui tam actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, including the Medicare and Medicaid programs, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government; the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), which imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 ("HITECH"), and their respective implementing regulations, which impose obligations on covered healthcare providers, health plans, and healthcare

clearinghouses, as well as their business associates that create, receive, maintain or transmit individually identifiable health information for or on behalf of a covered entity, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;

- the federal Open Payments program, which requires manufacturers of certain approved drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to report annually to the CMS, information related to "payments or other transfers of value" made to physicians, which is defined to include doctors, dentists, optometrists, podiatrists and chiropractors, and teaching hospitals and applicable manufacturers and applicable group purchasing organizations to report annually to CMS ownership and investment interests held by the physicians and their immediate family members. Data collection began on August 1, 2013, with requirements for manufacturers to submit reports to CMS by June 30, 2014, and 90 days after the end each subsequent calendar year. Disclosure of such information was made by CMS on a publicly available website beginning in September 2014 and is annually updated; and

- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; state and foreign laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers; state and foreign laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state and foreign laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations may involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, including, without limitation, damages, fines, imprisonment, exclusion from participation in government healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations, which could have a material adverse effect on our business. If any of the physicians or other healthcare providers or entities with whom we expect to do business, including our collaborators, is found not to be in compliance with applicable laws, it may be subject to criminal, civil or administrative sanctions, including exclusions from participation in government healthcare programs, which could also materially affect our business.

***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 harm 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. Although we believe that the safety procedures for handling and disposing of these materials comply with the standards prescribed by these laws and regulations, we cannot eliminate the risk of accidental contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations.

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, hazardous or radioactive materials.

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

## Risks Related to Intellectual Property and Potential Disputes Thereof

***If we are unable to obtain and maintain sufficient patent protection for our technology and products, our competitors could develop and commercialize technology and products similar or identical to ours, and our ability to successfully commercialize our technology and products may be impaired***

Our success depends, in large part, on our ability to obtain patent protection for product candidates and their formulations and uses. The patent application process is subject to numerous risks and uncertainties, and there can be no assurance that we or our partners will be successful in obtaining patents or what the scope of an issued patent may ultimately be. These risks and uncertainties include, but are not necessarily limited to, the following:

- patent applications may not result in any patents being issued, or the scope of issued patents may not extend to competitive product candidates and their formulations and uses developed or produced by others;
- our competitors, many of which have substantially greater resources than us or our partners, and many of which have made significant investments in competing technologies, may seek, or may already have obtained, patents that may limit or interfere with our abilities to make, use, and sell potential product candidates, file new patent applications, or may affect any pending patent applications that we may have;
- there may be significant pressure on the U.S. government and other international governmental bodies to limit the scope of patent protection both inside and outside the United States for disease treatments that prove successful as a matter of public policy regarding worldwide health concerns; and
- countries other than the United States may have patent laws less favorable to patentees than those upheld by U.S. courts, allowing foreign competitors a better opportunity to create, develop and market competing products.

In addition, patents that may be issued or in-licensed may be challenged, invalidated, modified, revoked, circumvented, found to be unenforceable, or otherwise may not provide any competitive advantage. Moreover, we may be subject to a third-party pre-issuance submission of prior art to the USPTO, or become involved in opposition, derivation, reexamination, *inter partes* review, post-grant review or interference proceedings challenging our patent rights or the patent rights of others. The costs of these proceedings could be substantial, and it is possible that our efforts to establish priority of invention would be unsuccessful, resulting in a material adverse effect on our U.S. patent positions. An adverse determination in any such submission, patent office trial, proceeding or litigation could reduce the scope of, render unenforceable, or invalidate, our patent rights, allow third parties to commercialize our technologies or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates. Third parties are often responsible for maintaining patent protection for our product candidates, at our and their expense. If that party fails to appropriately prosecute and maintain patent protection for a product candidate, our abilities to develop and commercialize products may be adversely affected, and we may not be able to prevent competitors from making, using and selling competing products. Such a failure to properly protect intellectual property rights relating to any of our product candidates could have a material adverse effect on our financial condition and results of operations. In addition, U.S. patent laws may change, which could prevent or limit us from filing patent applications or patent claims to protect products and/or technologies or limit the exclusivity periods that are available to patent holders, as well as affect the validity, enforceability, or scope of issued patents.

We and our licensors also rely on trade secrets and proprietary know-how to protect product candidates. Although we have taken steps to protect our and their trade secrets and unpatented know-how, including entering into confidentiality and non-use agreements with third parties, and proprietary information and invention assignment agreements with employees, consultants and advisers, third parties may still come upon this same or similar information independently. Despite these efforts, any of these parties may also breach the agreements and may unintentionally or willfully disclose our or our licensors' proprietary information, including our trade secrets, and we may not be able to identify such breaches or obtain adequate remedies. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. Moreover, if any of our or our licensors' trade secrets were to be lawfully obtained or independently developed by a competitor, we and our licensors would have no right to prevent them, or those to whom they communicate it, from using that technology or information to compete with us. If any of our or our licensors' trade secrets were to be disclosed to or independently developed by a competitor, our competitive positions would be harmed.

The patent prosecution process is expensive and time-consuming, and we may not be able to file and prosecute 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 any patentable aspects of our research and development output and methodology, and, even if we do, an opportunity to obtain patent protection may have passed. Given the uncertain and time-consuming process of filing patent applications and prosecuting them, it is possible that our product(s) or process(es) originally covered by the scope of the patent application may have changed or been modified, leaving our product(s) or process(es) without patent protection. If our licensors or we fail to obtain or maintain patent protection or trade secret protection for one or more product candidates or any future product candidate we may license or acquire, third parties may be able to leverage our proprietary information and products without risk of infringement, which could impair our ability to compete in the market and adversely affect our ability to generate revenues and achieve profitability. Moreover, should we enter into other collaborations we may be required to consult with or cede control to collaborators regarding the prosecution, maintenance and enforcement of licensed patents. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business.

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. In addition, no consistent policy regarding the breadth of claims allowed in pharmaceutical or biotechnology patents has emerged to date in the U.S. The patent situation outside the U.S. is even more uncertain. The laws of foreign countries may not protect our rights to the same extent as the laws of the U.S., and we may fail to seek or obtain patent protection in all major markets. For example, European patent law restricts the patentability of methods of treatment of the human body more than U.S. law does. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the U.S. and other jurisdictions are typically not published until 18 months after a first filing, or in some cases not at all. Therefore, we cannot know with certainty whether we or our licensors were the first to make the inventions claimed in patents or pending patent applications that we own or licensed, or that we or our licensors were the first to file for patent protection of such inventions. In the event that a third party has also filed a U.S. patent application relating to our product candidates or a similar invention, depending upon the priority dates claimed by the competing parties, we may have to participate in interference proceedings declared by the USPTO to determine priority of invention in the U.S. We might also become involved in derivation proceedings in an event that a third party misappropriates one or more of our inventions and files their own patent application directed to such one or more inventions. The costs of these proceedings could be substantial, and it is possible that our efforts to establish priority of invention (or that a third party derived an invention from us) would be unsuccessful, resulting in a material adverse effect on our U.S. patent position. 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 which protect our technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. Changes in either the patent laws or interpretation of the patent laws in the U.S. and other countries may diminish the value of our patents or narrow the scope of our patent protection. For example, the federal courts of the U.S. have taken an increasingly dim view of the patent eligibility of certain subject matter, such as naturally occurring nucleic acid sequences, amino acid sequences and certain methods of utilizing the same, which include their detection in a biological sample and diagnostic conclusions arising from their detection. Such subject matter, which had long been a staple of the biotechnology and biopharmaceutical industry to protect their discoveries, is now considered, with few exceptions, ineligible in the first instance for protection under the patent laws of the U.S. Accordingly, we cannot predict the breadth of claims that may be allowed and remain enforceable in our patents or in those licensed from a third party.

Even if our patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our owned or licensed patents by developing similar or alternative technologies or products in a non-infringing manner.

We also may rely on the regulatory period of market exclusivity for any of our biologic product candidates that are successfully developed and approved for commercialization. Although this period in the United States is generally 12 years from the date of marketing approval (depending on the nature of the specific product), there is a risk that the U.S. Congress could amend laws to significantly shorten this exclusivity period. Once any regulatory period of exclusivity expires, depending on the status of our patent coverage and the nature of the product, we may not be able to prevent others from marketing products that are biosimilar to or interchangeable with our products, which would materially adversely affect our business.

***We depend on our licensors to maintain and enforce the intellectual property covering certain of our product candidates We have limited, if any, control over the resources that our licensors can or will devote to securing, maintaining, and enforcing patents protecting our product candidates.***

We depend on our licensors to protect the proprietary rights covering our product candidates and we have limited, if any, control over the amount or timing of resources that they devote on our behalf, or the priority they place on, maintaining patent rights and prosecuting patent applications to our advantage. Moreover, we have limited, if any, control over the strategies and arguments employed in the maintenance of

patent rights and the prosecution of patent applications to our advantage. Our licensors might become involved in disputes with one of their other licensees, and we or a portion of our licensed patent rights might become embroiled in such disputes.

Our licensors, depending on the patent or application, are responsible for maintaining issued patents and prosecuting patent applications. We cannot be sure that they will perform as required. Should they decide they no longer want to maintain any of the patents licensed to us, they are required to afford us the opportunity to do so at our expense. If our licensors do not perform, and if we do not assume the maintenance of the licensed patents in sufficient time to make required payments or filings with the appropriate governmental agencies, we risk losing the benefit of all or some of those patent rights. Moreover, and possibly unbeknownst to us, our licensors may experience serious difficulties related to their overall business or financial stability, and they may be unwilling or unable to continue to expend the financial resources required to maintain and prosecute these patents and patent applications. While we intend to take actions reasonably necessary to enforce our patent rights, we depend, in part, on our licensors to protect a substantial portion of our proprietary rights and to inform us of the status of those protections and efforts thereto.

Our licensors may also be notified of alleged infringement and be sued for infringement of third-party patents or other proprietary rights. We may have limited, if any, control or involvement over the defense of these claims, and our licensors could be subject to injunctions and temporary or permanent exclusionary orders in the U.S. or other countries. Our licensors are not obligated to defend or assist in our defense against third-party claims of infringement. We have limited, if any, control over the amount or timing of resources, if any, that our licensors devote on our behalf or the priority they place on defense of such third-party claims of infringement.

Because of the uncertainty inherent in any patent or other litigation involving proprietary rights, we or our licensors may not be successful in defending claims of intellectual property infringement alleged by third parties, which could have a material adverse effect on our results of operations. Regardless of the outcome of any litigation, defending the litigation may be expensive, time-consuming and distracting to management.

***Protecting our proprietary rights is difficult and costly, and we may be unable to ensure their protection.***

The degree of future protection for our proprietary rights is uncertain, because legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep our competitive advantage, in addition to being costly and time consuming to undertake. For example:

- our licensors might not have been the first to make the inventions covered by each of our pending patent applications and issued patents;
- our licensors might not have been the first to file patent applications for these inventions;
- others may independently develop similar or alternative technologies or duplicate our product candidates or any future product candidate technologies;
- it is possible that none of the pending patent applications licensed to us will result in issued patents;
- the scope of our issued patents may not extend to competitive products developed or produced by others;
- the issued patents covering our product candidates or any future product candidate may not provide a basis for market exclusivity for active products, may not provide us with any competitive advantages, or may be challenged by third parties;
- we may not develop additional proprietary technologies that are patentable; or
- intellectual property rights of others may have an adverse effect on our business.

***We may become involved in lawsuits to protect or enforce our patents or other intellectual property, which could be expensive, time consuming and unsuccessful, and an unfavorable outcome in any litigation would harm our business.***

Competitors may infringe our issued patents or other intellectual property. To counter infringement or unauthorized use, we may be required to file one or more actions for patent infringement, which can be expensive and time consuming. Any claims we assert against accused infringers could provoke these parties to assert counterclaims against us alleging that we infringe their patents; or provoke those parties to petition the USPTO to institute *inter partes* review against the asserted patents, which may lead to a finding that all or some of the claims of the patent are invalid. In addition, in a patent infringement proceeding, a court may decide that a patent of ours is invalid or unenforceable,

in whole or in part, construe the patent's claims narrowly or refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question or as a matter of public policy. An adverse result in any litigation proceeding could put one or more of our patents at risk of being invalidated, rendered unenforceable, or interpreted narrowly. Furthermore, adverse results on U.S. patents may affect related patents in our global portfolio.

***If we or our licensors are sued for infringing intellectual property rights of third parties, it will be costly and time consuming, and an unfavorable outcome in that litigation would have a material adverse effect on our business.***

Our success also depends on our ability, and the abilities of any of our respective current or future collaborators, to develop, manufacture, market and sell product candidates without infringing the proprietary rights of third parties. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we are developing products, some of which may be directed at claims that overlap with the subject matter of our or our licensors' intellectual property. Because patent applications can take many years to issue, there may be currently pending applications, unknown to us, which may later result in issued patents that our product candidates or proprietary technologies may infringe. Similarly, there may be issued patents relevant to our product candidates of which we or our licensors are not aware. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the U.S. and other jurisdictions are typically not published until 18 months after a first filing, or in some cases not at all. Therefore, we cannot know with certainty whether we or such licensors were the first to make the inventions claimed in patents or pending patent applications that we own or licensed, or that we and our licensors were the first to file for patent protection of such inventions. In the event that a third party has also filed a U.S. patent application relating to our product candidates or a similar invention, depending upon the priority dates claimed by the competing parties, we may have to participate in interference proceedings declared by the USPTO to determine priority of invention in the U.S. The costs of these proceedings could be substantial, and it is possible that our efforts to establish priority of invention would be unsuccessful, resulting in a material adverse effect on our U.S. patent position. As a result, the issuance, scope, validity, enforceability and commercial value of our or any of our licensors' patent rights are highly uncertain.

There is a substantial amount of litigation involving patent and other intellectual property rights in the biotechnology and biopharmaceutical industries generally. If a third party claims that we or any of our licensors, suppliers or collaborators infringe the third party's intellectual property rights, we may have to, among other things:

- obtain additional licenses, which may not be available on commercially reasonable terms, if at all;
- abandon an infringing product candidate or redesign products or processes to avoid infringement, which may demand substantial funds, time and resources and which may result in inferior or less desirable processes and/or products;
- pay substantial damages, including the possibility of treble damages and attorneys' fees, if a court decides that the product or proprietary technology at issue infringes on or violates the third party's rights;
- pay substantial royalties, fees and/or grant cross-licenses to our product candidates; and/or
- defend litigation or administrative proceedings which may be costly regardless of outcome, and which could result in a substantial diversion of financial and management resources.

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

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

***If we fail to comply with our obligations under our intellectual property licenses and third party funding arrangements, we could lose rights that are important to our business.***

We are currently a party to license agreements with St. Jude, COH, Fred Hutch, University of California at Los Angeles ("UCLA"), Nationwide and other institutions. In the future, we may become party to licenses that are important for product development and commercialization. If we fail to comply with our obligations under current or future license and funding agreements, our counterparties may have the right to terminate these agreements, in which event we might not be able to develop, manufacture or market any product or utilize any technology that is covered by these agreements or may face other penalties under the agreements. Such an occurrence could materially and adversely affect the value of a product candidate being developed under any such agreement or could restrict our drug discovery activities. Termination of these agreements or reduction or elimination of our rights under these agreements may result in our having to negotiate new or reinstated agreements with less favorable terms, or cause us to lose our rights under these agreements, including our rights to important intellectual property or technology.

***We may be subject to claims that our employees and/or consultants have wrongfully used or disclosed to us alleged trade secrets of their former employers or other clients.***

As is common in the biopharmaceutical industry, we rely on employees and consultants to assist in the development of product candidates, many of whom were previously employed at, or may have previously been or are currently providing consulting services to, other biopharmaceutical companies, including our competitors or potential competitors. We may become subject to claims related to whether these individuals have inadvertently or otherwise used, disclosed or misappropriated trade secrets or other proprietary information of their former employers or their former or current clients. Litigation may be necessary to defend against these claims. Even if we are successful in defending these claims, litigation could result in substantial costs and be a distraction to management and/or the employees or consultants that are implicated.

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

In addition to seeking patent protection for our product candidates or any future product candidate, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position, particularly where we do not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. We limit disclosure of such trade secrets where possible but we also seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who do have access to them, such as our employees, our licensors, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. Despite these efforts, any of these parties may breach the agreements and may unintentionally or willfully disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. Moreover, if any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them, or those to whom they communicate it, from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, our competitive position would be harmed.

***We in-license intellectual property pertaining to certain product candidates from third parties. As such, any dispute with the licensors or the non-performance of such license agreements may adversely affect our ability to develop and commercialize the applicable product candidates.***

The types of disputes which may arise between us and the third parties from whom we license intellectual property include, but are not limited to:

- the scope of rights granted under such license agreements and other interpretation-related issues;
- the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to such license agreements;
- the scope and interpretation of the representations and warranties made to us by our licensors, including those pertaining to the licensors' right title and interest in the licensed technology and the licensors' right to grant the licenses contemplated by such agreements;

- the sublicensing of patent and other rights under our license agreements and/or collaborative development relationships, and the rights and obligations associated with such sublicensing, including whether or not a given transaction constitutes a sublicense under such license agreement;
- the diligence and development obligations under license agreements (which may include specific diligence milestones) and what activities or achievements satisfy those diligence obligations;
- whether or not the milestones associated with certain milestone payment obligations have been achieved or satisfied;
- the applicability or scope of indemnification claims or obligations under such license agreements;
- the permissibility and advisability of, and strategy regarding, the pursuit of potential third-party infringers of the intellectual property that is the subject of such license agreements;
- the calculation of royalty, sublicense revenue and other payment obligations under such license agreements;
- the extent to which license rights, if any, are retained by licensors under such license agreements;
- whether or not a material breach has occurred under such license agreements and the extent to which such breach, if deemed to have occurred, is or can be cured within applicable cure periods, if any;
- disputes regarding patent filing and prosecution decisions, as well as payment obligations regarding past and ongoing patent expenses;
- intellectual property rights resulting from the joint creation or use of intellectual property (including improvements made to licensed intellectual property) by our and our partners' licensors and us and our partners; and
- the priority of invention of patented technology.

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

**Risks Relating to Our Control by Fortress**

***Fortress controls a voting majority of our common stock.***

Pursuant to the terms of the Class A Preferred Stock held by Fortress, Fortress is entitled to cast, for each share of Class A Preferred held by Fortress, the number of votes that is equal to one and one-tenth (1.1) times a fraction, the numerator of which is the sum of (A) the shares of outstanding common stock and (B) the whole shares of common stock into which the shares of outstanding Class A common shares and the Class A Preferred Stock are convertible and the denominator of which is the number of shares of outstanding Class A Preferred Stock. Accordingly, Fortress is able to control or significantly influence all matters requiring approval by our stockholders, including the election of directors and the approval of mergers or other business combination transactions. The interests of Fortress may not always coincide with the interests of other stockholders, and Fortress may take actions that advance its own interests and are contrary to the desires of our other stockholders. Moreover, this concentration of voting power may delay, prevent or deter a change in control of us even when such a change may be in the best interests of all stockholders, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of Mustang or our assets, and might affect the prevailing market price of our common stock.

***Fortress has the right to receive a significant grant of shares of our common stock annually which will result in the dilution of your holdings of common stock upon each grant, which could reduce their value.***

Under the terms of the Second Amended and Restated Founders Agreement (the "Founders Agreement"), which became effective July 22, 2016, Fortress will receive a grant of shares of our common stock equal to two and one-half percent (2.5%) of the gross amount of any equity or debt financing. Additionally, the Class A Preferred Stock, as a class, will receive an annual dividend on January 1st, payable in shares of common stock in an amount equal to two and one-half percent (2.5%) of our fully-diluted outstanding capital stock as of the business day immediately prior to January 1st of such year. Fortress currently owns all outstanding shares of Class A Preferred Stock. These share issuances to Fortress and any other holder of Class A Preferred Stock will dilute your holdings in our common stock and, if the value of Mustang has not grown proportionately over the prior year, would result in a reduction in the value of your shares. The Founders Agreement has a term of 15 years and renews automatically for subsequent one-year periods unless terminated by Fortress or upon a Change in Control (as defined in the Founders Agreement).

***We might have received better terms from unaffiliated third parties than the terms we receive in our agreements with Fortress.***

The agreements we have entered into with Fortress include a Management Services Agreement and the Founders Agreement. While we believe the terms of these agreements are reasonable, they might not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. The terms of the agreements relate to, among other things, payment of a royalty on product sales and the provision of employment and transition services. We might have received better terms from third parties because, among other things, third parties might have competed with each other to win our business.

***The dual roles of our directors who also serve in similar roles with Fortress could create a conflict of interest and will require careful monitoring by our independent directors.***

We share some directors with Fortress which could create conflicts of interest between the two companies in the future. While we believe that the Founders Agreement and the Management Services Agreement were negotiated by independent parties on both sides on arm's length terms, and the fiduciary duties of both parties were thereby satisfied, in the future situations may arise under the operation of both agreements that may create a conflict of interest. We will have to be diligent to ensure that any such situation is resolved by independent parties. In particular, under the Management Services Agreement, Fortress and its affiliates are free to pursue opportunities which could potentially be of interest to Mustang, and they are not required to notify Mustang prior to pursuing such opportunities. Any such conflict of interest or pursuit by Fortress of a corporate opportunity independent of Mustang could expose us to claims by our investors and creditors and could harm our results of operations.

**General Risks**

***Our business and operations would suffer in the event of computer system failures, cyber-attacks, or deficiencies in our or third parties' cybersecurity.***

We are increasingly dependent upon information technology systems, infrastructure, and data to operate our business. In the ordinary course of business, we collect, store, and transmit confidential information, including, but not limited to, information related to our intellectual property and proprietary business information, personal information, and other confidential information. It is critical that we maintain such confidential information in a manner that preserves its confidentiality and integrity. Furthermore, we have outsourced elements of our operations to third party vendors, who each have access to our confidential information, which increases our disclosure risk.

We are in the process of implementing our internal security and business continuity measures and developing our information technology infrastructure. Our internal computer systems and those of current and future third parties on which we rely may fail and are vulnerable to damage from computer viruses and unauthorized access. Our information technology and other internal infrastructure systems, including corporate firewalls, servers, data center facilities, lab equipment, and connection to the internet, face the risk of breakdown or other damage or interruption from service interruptions, system malfunctions, natural disasters, terrorism, war, and telecommunication and electrical failures, as well as security breaches from inadvertent or intentional actions by our employees, contractors, consultants, business partners, and/or other third parties, or from cyber-attacks by malicious third parties (including the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information), each of which could compromise our system infrastructure or lead to the loss, destruction, alteration, disclosure, or dissemination of, or damage or unauthorized access to, our data or data that is processed or maintained on our behalf, or other assets.

If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations, and could result in financial, legal, business, and reputational harm to us.

In addition, the loss or corruption of, or other damage to, clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Likewise, we rely on third parties for the manufacture of our drug candidates or any future drug candidates and to conduct clinical trials, and similar events relating to their systems and operations could also have a material adverse effect on our business and lead to regulatory agency actions. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased. Sophisticated cyber attackers (including foreign adversaries engaged in industrial espionage) are skilled at adapting to existing security technology and developing new methods of gaining access to organizations' sensitive business data, which could result in the loss of proprietary information, including trade secrets. We may not be able to anticipate all types of security threats, and we may not be able to implement preventive measures effective against all such security threats. The techniques used by cyber criminals change frequently, may not be recognized until launched, and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations, or hostile foreign governments or agencies.

Any security breach or other event leading to the loss or damage to, or unauthorized access, use, alteration, disclosure, or dissemination of, personal information, including personal information regarding clinical trial subjects, contractors, directors, or employees, our intellectual property, proprietary business information, or other confidential or proprietary information, could directly harm our reputation, enable competitors to compete with us more effectively, compel us to comply with federal and/or state breach notification laws and foreign law equivalents, subject us to mandatory corrective action, or otherwise subject us to liability under laws and regulations that protect the privacy and security of personal information. Each of the foregoing could result in significant legal and financial exposure and reputational damage that could adversely affect our business. Notifications and follow-up actions related to a security incident could impact our reputation or cause us to incur substantial costs, including legal and remediation costs, in connection with these measures and otherwise in connection with any actual or suspected security breach. We expect to incur significant costs in an effort to detect and prevent security incidents and otherwise implement our internal security and business continuity measures, and actual, potential, or anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees, and engage third-party experts and consultants.

The costs related to significant security breaches or disruptions could be material, and our insurance policies may not be adequate to compensate us for the potential losses arising from any such disruption in, or failure or security breach of, our systems or third-party systems where information important to our business operations or commercial development is stored or processed. In addition, such insurance may not be available to us in the future on economically reasonable terms, or at all. Further, our insurance may not cover all claims made against us and could have high deductibles in any event, and defending a suit, regardless of its merit, could be costly and divert management attention. Furthermore, if the information technology systems of our third-party vendors and other contractors and consultants become subject to disruptions or security breaches, we may have insufficient recourse against such third parties and we may have to expend significant resources to mitigate the impact of such an event, and to develop and implement protections to prevent future events of this nature from occurring.

***Major public health issues, and specifically the pandemic caused by the spread of COVID-19, could have an adverse impact on our financial condition and results of operations and other aspects of our business.***

In December 2019, a novel strain of coronavirus, COVID-19, was first detected in Wuhan, China, and has since spread around the world. On March 11, 2020, the World Health Organization declared that the rapidly spreading COVID-19 outbreak had evolved into a pandemic. In response to the pandemic, many governments around the world are implementing a variety of measures to reduce the spread of COVID-19, including travel restrictions and bans, instructions to residents to practice social distancing, quarantine advisories, shelter-in-place orders and required closures of non-essential businesses.

The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains, and created significant volatility and disruption of financial markets. Although COVID-19 has not had a material adverse effect on our business to date, no assurance can be given that it will not in the future if the situation persists or worsens. The extent to which the coronavirus impacts our business and operating results will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning the coronavirus and the actions to contain the coronavirus or treat its impact, among others.

Should the coronavirus continue to spread, our business operations could be delayed or interrupted. For instance, our preclinical research and clinical trials have been affected in the past by the pandemic, and they may be affected again in the future should the pandemic return

to previous levels of severity. Similarly, the FDA has identified COVID-19 as an important contributor to delays in response to sponsors and in scheduling of requested meetings, and it is not clear at the present time that such delays have subsided. Site initiation, participant recruitment and enrollment, participant dosing, distribution of clinical trial materials, study monitoring and data analysis may be paused or delayed due to changes in hospital or university policies, federal, state or local regulations, prioritization of hospital resources toward pandemic efforts, or other reasons related to the pandemic. If the coronavirus continues to spread, some participants and clinical investigators may not be able to comply with clinical trial protocols. For example, quarantines or other travel limitations (whether voluntary or required) may impede participant movement, affect sponsor access to study sites, or interrupt healthcare services, and we may be unable to conduct our clinical trials. Infections and deaths related to the pandemic may disrupt the United States' and other countries' healthcare and healthcare regulatory systems. Such disruptions could divert healthcare resources away from, or materially delay FDA or other regulatory review and/or approval with respect to, our clinical trials. It is unknown how long these disruptions could continue, were they to occur. Any elongation or de-prioritization of our clinical trials or delay in regulatory review resulting from such disruptions could materially affect the development and study of our product candidates.

We currently rely on third parties, such as contract laboratories, CROs, medical institutions and clinical investigators to conduct these studies and clinical trials. If these third parties themselves are adversely impacted by restrictions resulting from the coronavirus outbreak, we will likely experience delays and/or realize additional costs. We also rely on third parties for the manufacture of our product candidates for preclinical and clinical testing. Disruptions to the global supply chain have impacted our and our third-party manufacturers' ability to obtain raw materials or other products necessary to manufacture and distribute our product candidates. As a result, our efforts to develop our products have been delayed, and recurrence of such disruptions could delay or disrupt our ability to obtain regulatory approvals for, and to commercialize, our product candidates. Finally, we have incurred considerable expense to warehouse sufficient supplies in anticipation of future unexpected supply chain disruptions, and we may need to increase these expenses as we increase our cell processing.

The potential economic impact brought by and the duration of the pandemic may be difficult to assess or predict, however it has already caused, and is likely to result in further, significant disruption of global financial markets, which may reduce our ability to access capital either at all or on favorable terms. In addition, a recession, depression or other sustained adverse market event resulting from the spread of the coronavirus could materially and adversely affect our business and the value of our common stock.

The ultimate impact of the current pandemic, or any other health epidemic, is highly uncertain and will depend on future developments that cannot be predicted with confidence, such as the duration of the outbreak, the severity of COVID-19, and the effectiveness of actions to contain and treat for COVID-19. Although, as of the date of this Annual Report on Form 10-K, we do not expect any material impact on our long-term activity, we do not yet know the full extent of potential delays or impacts on our business, our clinical trials, our research programs, healthcare systems or the global economy as a whole, which could have a material adverse effect on our business, financial condition and results of operations and cash flows. The Company has experienced some delays in clinical trial accrual and in the availability and delivery of certain consumables and raw materials used in its laboratory and manufacturing operations due to the impact of COVID-19 on the global supply chain.

***The ability of the Company's employees and consultants to work may be significantly impacted by the coronavirus.***

The Company's employees and consultants are being affected by the COVID-19 pandemic. The Company may need to enact further precautionary measures to help minimize the risk of our employees being exposed to the coronavirus. COVID-19 may also compromise the ability of independent contractors who perform consulting services for us to deliver services or deliverables in a satisfactory or timely manner. Further, our management team is focused on mitigating the adverse effects of the COVID-19 pandemic, which continues to require an investment of time and resources, thereby diverting their attention from other priorities that existed prior to the outbreak of the pandemic. If these conditions worsen, or last for an extended period of time, the Company's ability to manage its business may be impaired, and operational risks, cybersecurity risks and other risks facing the Company even prior to the pandemic may be elevated.

***Our growth is subject to economic and political conditions.***

Our business is affected by global and local economic and political conditions as well as the state of the financial markets, inflation, recession, financial liquidity, currency volatility, growth, and policy initiatives. There can be no assurance that global economic conditions and financial markets will not worsen and that we will not experience any adverse effects that may be material to our consolidated cash flows, results of operations, financial position or our ability to access capital, such as the adverse effects resulting from a prolonged shutdown in government operations both in the United States and internationally. Political changes, including war or other conflicts, some of which may be disruptive, could interfere with our supply chain, our customers and all of our activities in a particular location.

***We may not be able to manage our business effectively if we are unable to attract and retain key personnel.***

We may not be able to attract or retain qualified management and commercial, scientific and clinical personnel in the future due to the intense competition for qualified personnel among biotechnology, pharmaceutical and other businesses. If we are not able to attract and retain necessary personnel to accomplish our business objectives, we may experience constraints that will significantly impede the achievement of our development objectives, our ability to raise additional capital and our ability to implement our business strategy.

***Our employees, consultants, or third-party partners may engage in misconduct or other improper activities, including but not necessarily limited to noncompliance with regulatory standards and requirements or internal procedures, policies or agreements to which such employees, consultants and partners are subject, any of which could have a material adverse effect on our business.***

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees, consultants, or third-party partners could include intentional failures to comply with FDA regulations, provide accurate information to the FDA, comply with cGMPs, comply with federal and state healthcare fraud and abuse laws and regulations, report financial information or data accurately, comply with internal procedures, policies or agreements to which such employees, consultants or partners are subject, or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee, consultant, or third-party misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation, as well as civil and criminal liability. The precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business and results of operations, including the imposition of significant fines or other civil and/or criminal sanctions.

We receive a large amount of proprietary information from potential or existing licensors of intellectual property and potential acquisition target companies, all pursuant to confidentiality agreements. The confidentiality and proprietary invention assignment agreements that we have in place with each of our employees and consultants prohibit the unauthorized disclosure of such information, but such employees or consultants may nonetheless disclose such information through negligence or willful misconduct. Any such unauthorized disclosures could subject us to monetary damages and/or injunctive or equitable relief. The notes, analyses and memoranda that we have generated based on such information are also valuable to our businesses, and the unauthorized disclosure or misappropriation of such materials by our employees and consultants could significantly harm our strategic initiatives – especially if such disclosures are made to our competitors.

***We rely on information technology, and any internet or internal computer system failures, inadequacies, interruptions or compromises of our systems or the security of confidential information could damage our reputation and harm our business.***

Although a significant portion of our business is conducted using traditional methods of contact and communications such as face-to-face meetings, our business is increasingly dependent on critical, complex and interdependent information technology systems, including internet-based systems, to support business processes as well as internal and external communications. We could experience system failures and degradations in the future. We cannot assure you that we will be able to prevent an extended and/or material system failure if any of the following or similar events occurs:

- human error;
- subsystem, component, or software failure;
- a power or telecommunications failure;
- hacker attacks, cyber-attacks, software viruses, security breaches, unauthorized access or intentional acts of vandalism; or
- terrorist acts or war.

If any of the foregoing events were to occur, our business operations could be disrupted in ways that would require the incurrence of substantial expenditures to remedy. Any system failure, accident or security breach that causes interruptions in our operations could result in a material disruption of our drug development programs. For example, the loss of clinical trial data from completed clinical trials for one or more of our product conducts could result in delays in our regulatory approval efforts and significantly increase our costs to recover or

reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data and applications, or inappropriate/unauthorized disclosure of confidential or proprietary information (including trade secrets), we could incur liability and our business and financial condition could be harmed.

***The occurrence of a catastrophic disaster could damage our facilities beyond insurance limits, or we could lose key data which could cause us to curtail or cease operations.***

We are vulnerable to damage and/or loss of vital data from natural disasters, such as earthquakes, tornadoes, power loss, fire, health epidemics and pandemics, floods and similar events, as well as from accidental loss or destruction. If any disaster were to occur, our ability to operate our businesses could be seriously impaired. We have property, liability and business interruption insurance that may not be adequate to cover losses resulting from disasters or other similar significant business interruptions, and we do not plan to purchase additional insurance to cover such losses due to the cost of obtaining such coverage. Any significant losses that are not recoverable under our insurance policies could seriously impair our business, financial condition and prospects. Any of the aforementioned circumstances, including without limitation the resurgence of COVID-19 virus, may also impede our employees' and consultants' abilities to provide services in-person and/or in a timely manner; hinder our ability to raise funds to finance our operations on favorable terms or at all; and trigger effectiveness of "force majeure" clauses under agreements with respect to which we receive goods and services, or under which we are obligated to achieve developmental milestones on certain timeframes. Disputes with third parties over the applicability of such "force majeure" clauses, or the enforceability of developmental milestones and related extension mechanisms in light of such business interruptions, may arise and may become expensive and time-consuming.

***Our stock may be subject to substantial price and volume fluctuations due to a number of factors, many of which are beyond our control and may prevent our stockholders from reselling our common stock at a profit.***

The market prices for securities of biotechnology and pharmaceutical companies have historically been highly volatile, and the market has from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies.

The market price of our common stock is likely to be highly volatile and may fluctuate substantially due to many factors, including:

- announcements concerning the progress of our efforts to obtain regulatory approval for and commercialize our product candidates or any future product candidate, including any requests we receive from the FDA for additional studies or data that result in delays in obtaining regulatory approval or launching these product candidates, if approved;
- market conditions in the pharmaceutical and biotechnology sectors or the economy as a whole;
- price and volume fluctuations in the overall stock market;
- the failure of one or more of our product candidates or any future product candidate, if approved, to achieve commercial success;
- announcements of the introduction of new products by us or our competitors;
- developments concerning product development results or intellectual property rights of others;
- litigation or public concern about the safety of our potential products;
- actual fluctuations in our quarterly operating results, and concerns by investors that such fluctuations may occur in the future;
- deviations in our operating results from the estimates of securities analysts or other analyst comments;
- additions or departures of key personnel;
- health care reform legislation, including measures directed at controlling the pricing of pharmaceutical products, and third-party coverage and reimbursement policies;
- developments concerning current or future strategic collaborations; and

- discussion of us or our stock price by the financial and scientific press and in online investor communities.

***We have received notice from the Nasdaq Stock Market of non-compliance with its minimum bid price rules.***

On May 24, 2022, we received written notification (the "Notice Letter") from the Nasdaq Stock Market ("Nasdaq") indicating that we were not in compliance with Nasdaq Listing Rule 5450(a)(1), as the closing bid price for our Common Stock was below the $1.00 per share requirement for the previous 30 consecutive business days. The Notice Letter stated that we had 180 calendar days, or until November 21, 2022 (the "Initial Compliance Period"), to regain compliance with the minimum bid price requirement. On November 22, 2022, we were granted an additional 180 calendar days, or until May 24, 2023 ("Extended Compliance Period"), to regain compliance with the minimum bid price requirement. In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we can regain compliance if the closing bid price of our Common Stock is at least $1.00 for a minimum of 10 consecutive business days. Although we have taken steps toward effecting a reverse stock split in order to regain compliance with the minimum bid price requirement, and we expect to complete the reverse stock split and regain compliance within the extended compliance period, there can be no assurance that such transaction will be completed, or if completed, will be successful in regaining compliance with the minimum bid price requirement.

In the event that we do not regain compliance with Listing Rule 5450(a)(1) prior to the expiration of the Extended Compliance Period, we will receive written notification that our securities are subject to delisting. At that time, we may appeal the delisting determination to a hearings panel pursuant to the procedures set forth in the applicable Nasdaq Listing Rules. A delisting of our Common Stock would have an adverse effect on the market liquidity of our Common Stock and, as a result, the market price for our Common Stock could become more volatile. Further, a delisting could also make it more difficult for us to raise additional capital.

***We may become involved in securities class action litigation that could divert management's attention and harm our business.***

The stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the common stock of biotechnology and pharmaceutical companies. These broad market fluctuations may cause the market price of our stock to decline. In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because biotechnology and biopharmaceutical companies have experienced significant stock price volatility in recent years. We may become involved in this type of litigation in the future. Litigation often is expensive and diverts management's attention and resources, which could adversely affect our business.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

Our corporate and executive office is located at 377 Plantation Street, Worcester, MA 01605.

On October 27, 2017, we entered into a lease agreement with WCS - 377 Plantation Street, Inc., a Massachusetts nonprofit corporation ("Landlord"). Pursuant to the terms of the lease agreement, we agreed to lease 27,043 sf from the Landlord, located at 377 Plantation Street in Worcester, MA (the "Plantation Street Facility"), through November 2026, subject to additional extensions at our option. Base rent, net of abatements of $0.6 million over the lease term, totals approximately $3.6 million, on a triple-net basis.

The Plantation Street Facility became operational for the production of personalized CAR T and gene therapies in 2018.

On June 14, 2022, the Company entered into a sublease agreement with The Paul Revere Life Insurance Company. Pursuant to the terms of the sublease lease agreement, the Company agreed to lease 26,503 square feet, located at 1 Mercantile Street, Worcester, MA (the "Mercantile Street Facility"), through January 2030. Base rent, net of abatements of $1.2 million, totals approximately $3.4 million.

**Item 3. Legal Proceedings**

We are not involved in any legal proceedings that we believe could have a material adverse effect on our financial position or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of our executive officers, threatened against or affecting our company or our officers or directors in their capacities as such.

**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**

On November 22, 2022, our common stock listing transferred to the NASDAQ Capital Market tier and continues to be traded under the symbol "MBIO." Our common stock had been quoted on the NASDAQ Global Market since August 22, 2017, under the symbol "MBIO." Prior to this there was no public market for our common stock.

**Securities Authorized for Issuance Under Equity Compensation Plans**

On November 30, 2017, July 30, 2021, and July 15, 2022, we filed a registration statement on Form S-8 under the Securities Act registering the common stock issued, issuable or reserved for issuance under our 2016 Plan. That registration statement became effective immediately upon filing, and shares covered by the registration statement are eligible for sale in the public markets, subject to grant of the underlying awards, vesting provisions and Rule 144 limitations applicable to our affiliates.

Our Board of Directors approved, and our stockholders subsequently approved, a reverse stock split of our Common Stock. On March 15, 2023, the Board of Directors set the reverse stock split ratio at 15-for-1. We have filed a Definitive Information Statement on Schedule 14C in connection with the reverse stock split, and once the applicable waiting periods under SEC and Nasdaq rules have expired, we plan to file a Certificate of Amendment to our Amended and Restated Certificate of Incorporation, as amended, in order to give effect to the reverse stock split.

The information required by Item 5 of Form 10-K addressing equity compensation plans is incorporated herein by reference to "Item 12, Security Ownership of Certain Beneficial Owners of Management and Related Stockholder Matters."

**Holders of Record**

As of December 31, 2022, there were approximately 75 holders of record of our common stock and one holder of record for our Class A common stock. The actual number of stockholders of our common shares is greater than this number of record holders and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

**Dividends**

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

The Term Loan provides that, so long as any obligation thereunder remains unpaid, or any lender thereunder has any obligation to make any loan thereunder, the Company shall not pay any dividends or make any distribution or payment in respect of its equity interests, subject to limited exceptions.

**Recent Sales of Unregistered Securities**

None.

**Issuer Purchases of Equity Securities**

None.

**Item 6. Reserved**

**Item 7. Management's Discussion and Analysis of the Results of Operations**

*Statements in the following discussion and throughout this report that are not historical in nature are "forward-looking statements." You can identify forward-looking statements by the use of words such as "expect," "anticipate," "estimate," "may," "will," "should," "intend," "believe," and similar expressions. Although we believe the expectations reflected in these forward-looking statements are reasonable, such statements are inherently subject to risk and we can give no assurances that our expectations will prove to be correct. Actual results could differ from those described in this report because of numerous factors, many of which are beyond our control. These factors include, without limitation, those described under Item 1A "Risk Factors." We undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this report or to reflect actual outcomes. Please see "Forward-Looking Statements" at the beginning of this Form 10-K.*

*The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes thereto and other financial information appearing elsewhere in this Form 10-K. We undertake no obligation to update any forward-looking statements in the discussion of our financial condition and results of operations to reflect events or circumstances after the date of this report or to reflect actual outcomes.*

**Overview**

Mustang is a clinical-stage biopharmaceutical company focused on translating today's medical breakthroughs in cell and gene therapies into potential cures for hematologic cancers, solid tumors and rare genetic diseases. We aim to acquire rights to these technologies by licensing or otherwise acquiring an ownership interest in the technologies, funding their research and development and eventually either out-licensing or bringing the technologies to market.

Our pipeline is currently focused in three core areas: CAR T therapies for hematologic malignancies, CAR T therapies for solid tumors and gene therapies for rare genetic disorders. For each therapy we have partnered with world class research institutions. For our CAR T therapies we have partnered with COH, Fred Hutch, Nationwide and Mayo Clinic. For our gene therapies, we have partnered with St. Jude in the development of a first-in-class *ex vivo* lentiviral treatment of XSCID and with LUMC in the development of a first-in-class *ex* vivo lentiviral treatment of RAG1-SCID.

The Company expects to incur substantial expenses for the foreseeable future relating to research, development and commercialization of its potential products. However, there can be no assurance that the Company will be successful in securing additional resources when needed, on terms acceptable to the Company, if at all. Therefore, there exists substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments related to the recoverability of assets that might be necessary despite this uncertainty.

**CAR T Therapies**

Our pipeline of CAR T therapies is being developed under exclusive licenses from several world class research institutions. Our strategy is to license these technologies, support preclinical and clinical research activities by our academic partners and transfer the underlying technology to our cell processing facility located in Worcester, Massachusetts, in order to conduct our own clinical trials.

We are developing CAR T therapies for hematologic malignancies in partnership with COH targeting CD123 (MB-102) and CS1 (MB-104) and with Fred Hutch targeting CD20 (MB-106). Phase 1 clinical trials sponsored by COH for MB-102 and MB-104 and by Fred Hutch for MB-106 are underway. In the third quarter of 2019 the FDA approved our IND application to initiate a multi-center Phase 1/2 clinical trial of MB-102, and our clinical trial began enrollment in 2020 for the treatment of patients with blastic plasmacytoid dendritic cell neoplasm ("BPDCN"). In December 2022, we announced that the safety review team (SRT), after thoroughly reviewing the safety data from Dose Level 1 ($100 \times 10^6$ CAR T cells), unanimously recommended dose escalation to Dose Level 2 ($300 \times 10^6$ CAR T cells). We anticipate initiation of the Does Level 2 cohort in 2023.

In May 2021, we announced that the FDA had approved our IND application allowing for initiation of a multi-center Phase 1/2 clinical study of MB-106 in patients with relapsed or refractory B cell NHL or CLL (Clinicaltrials.gov Identifier: NCT05360238).

We plan to file an IND for a multicenter Phase 1/2 trial for MB-104 for the treatment of patients with multiple myeloma once COH has established a safe and effective dose.

We are also developing CAR T therapies for solid tumors in partnership with COH targeting IL13Rα2 (MB-101), HER2 (MB-103) and PSCA (MB-105). In addition, we have partnered with Nationwide for the C134 oncolytic virus (MB-108) in order to enhance the activity of MB-101 for the treatment of patients with glioblastoma ("GBM"). Phase 1 clinical trials sponsored by COH for MB-101, MB-103 and MB-105 are underway. A Phase 1 clinical trial sponsored by UAB for MB-108 began during the third quarter of 2019. In the first half of 2023, we plan to file an IND for the combination of MB-101 and MB-108 – which is referred to as MB-109 – for the treatment of patients with relapsed or refractory GBM and anaplastic astrocytoma. We also plan to file INDs and initiate our own clinical trials for MB-103 for the treatment of patients with metastatic breast cancer to brain and for MB-105 for the treatment of patients with prostate and pancreatic cancer, once COH has established a safe and effective dose for each therapy. The Company is also collaborating with the Mayo Clinic to develop a novel technology that may be able to transform the administration of CAR T therapies and potentially be used as an off-the-shelf therapy. Mustang plans to file an IND application for a multicenter Phase 1 clinical trial once a lead construct has been identified.

**Gene Therapies**

In partnership with St. Jude, our XSCID gene therapy programs (MB-107 and MB-207) are being conducted under an exclusive license to develop a potentially curative treatment for XSCID, a rare genetic immune system condition in which affected patients do not live beyond infancy without treatment. This first-in-class *ex vivo* lentiviral gene therapy has been evaluated in two Phase 1/2 clinical trials involving two different autologous cell products: an ongoing multicenter trial of the MB-107 product in newly diagnosed infants sponsored by St. Jude and a single-center trial of the MB-207 product in previously transplanted patients sponsored by the NIH. In January 2021 we received approval to proceed with our IND application with the FDA to initiate a pivotal non-randomized multicenter Phase 2 clinical trial of MB-107 in newly diagnosed infants with XSCID who are under the age of two. We expect to enroll the first patient in a pivotal multicenter Phase 2 clinical trial in 2023. Our IND for MB-207 was submitted to the FDA in December 2021. In January 2022, the FDA issued a clinical hold, pending CMC data. In order to lift this clinical hold and receive a safe-to-proceed from the FDA for the IND, we believe the most critical activities will be to (1) perform process validation manufacturing runs using healthy donor material and (2) ensure qualification of all assays related to the product release. Following completion of these activities and the earliest release of the clinical hold, we expect to enroll the first patient in a pivotal multicenter Phase 2 clinical trial 2023.

**Recent Events**

*MB-102 (CD123 CAR T Cell Program for BPDCN, AML and High-Risk MDS)*

In December 2022, we announced that the safety review team (SRT), after thoroughly reviewing the safety data from Dose Level 1 (100 x $10^6$ CAR T cells), unanimously recommended dose escalation to Dose Level 2 (300 x $10^6$ CAR T cells). The Company anticipates initiation of the Dose Level 2 cohort in 2023.

*MB-106 (CD20-targeted CAR T for Non-Hodgkin Lymphoma and Chronic Lymphocytic Leukemia)*

In May 2021, we announced that the FDA had approved our IND application allowing for initiation of a multi-center Phase 1/2 clinical study of MB-106 in patients with relapsed or refractory B cell NHL or CLL (Clinicaltrials.gov Identifier: NCT05360238). The phase 1 portion of the trial will enroll patients in 3 separate arms, with dose escalation planned to establish a recommended phase 2 dose for each arm:

- Arm 1: Aggressive non-Hodgkin lymphoma, with a starting dose of 1 x 106 CAR T cells/kg
- Arm 2: Indolent non-Hodgkin lymphoma, with a starting dose of 3.3 x 106 CAR T cells/kg
- Arm 3: Chronic lymphocytic leukemia/small cell lymphoma, with a starting dose of 1 x 106 CAR T cells/kg

The FDA deferred approval of the phase 2 portion of this trial pending review of the results of each of the 3 phase 1 arms. Initially we are considering conducting non-randomized phase 2 registration trials in each of the following indications:

1. Diffuse large B cell lymphoma relapsed from CD19-directed CAR T therapy
2. Relapsed/refractory Waldenstrom macroglobulinemia
3. Relapsed/refractory chronic lymphocytic leukemia/small cell lymphoma

In April 2022, we announced that interim Phase 1/2 data on MB-106 were presented at the 2022 Tandem Meetings | Transplantation & Cellular Therapy Meetings of the American Society of Transplantation and Cellular Therapy and Center for International Blood & Marrow Transplant Research. Data demonstrated high efficacy and a very favorable safety profile in all patients (n=25). Five dose levels were used

during the study, and complete responses were observed at all dose levels. Durable responses were observed in a wide range of hematologic malignancies including follicular lymphoma ("FL"), CLL, diffuse large B-cell lymphoma ("DLBCL") and Waldenstrom macroglobulinemia ("WM"). An ORR of 96% and a complete response ("CR") rate of 72% were observed in all patients across all dose levels.

Also in April 2022, MB-106 data focused on CLL were presented at the 4th International Workshop on CAR-T and Immunotherapies.

In June 2022, we announced that MB-106 data were presented in an oral session at the European Hematology Association 2022 Hybrid Congress. Dr. Mazyar Shadman of Fred Hutch presented updated interim data from the ongoing Phase 1/2 clinical trial for B-NHL and CLL. Data presented include a 94% ORR and 78% CR rate in patients with FL. Overall, for the 26 patients treated on the trial, there was a 96% ORR and 73% CR, including complete responses in both DLBCL patients, both WM patients, and both patients previously treated with CD19-targeted CAR-T therapy (1 DLBCL patient and 1 FL patient).

Also in June 2022, we announced that the FDA granted Orphan Drug Designation to MB-106 for the treatment of CD20+ Waldenstrom macroglobulinemia.

In October 2022, we announced that the first patient was treated in Mustang's multicenter, open-label, non-randomized Phase 1/2 clinical trial evaluating the safety and efficacy of MB-106.

Also in October 2022, the Company provided an update on the ongoing Phase 1/2 investigator-sponsored clinical trial at Fred Hutch. Interim Data from 28 patients treated at Fred Hutch, all with the optimized manufacturing process, continue to support MB-106 as a viable CAR-T cell therapy for B-NHLs and CLL. As of September 2022, the interim data show:

- An overall response rate of 96% and complete response ("CR") rate of 75% in a wide range of hematologic malignancies including follicular lymphoma ("FL"), CLL, diffuse large B-cell lymphoma, and Waldenstrom macroglobulinemia.
- Twelve patients have experienced CR for more than 12 months (10 ongoing); four patients have experienced CR for more than two years, and the longest patient with CR is at 33 months.
- Six patients with partial response ("PR") at their initial 28-day assessments improved to CR, and all remain in ongoing CR.
- All three patients previously treated with CD19 CAR-T cell therapy have responded to treatment with MB-106.
- A favorable safety profile for MB-106 as an outpatient therapy remains with no cytokine release syndrome (CRS) or immune effector cell-associated neurotoxicity syndrome (ICANS) ≥ Grade 3.
- None of the FL patients experienced ICANS of any Grade.

In December 2022, we announced that six patients had been enrolled in Mustang's multicenter Phase 1/2 clinical trial, with five patients infused at the starting dose levels of their respective protocol arms. We have since treated the first WM in the indolent lymphoma arm of the trial, and we expect to provide first safety and efficacy data from that arm in the second quarter of 2023, with a more substantial data set from all 3 arms in the fourth quarter of 2023. Finally, we anticipate that the indication for the first pivotal Phase 2 trial will be relapsed/refractory WM, with the first patient treated on that trial in the first quarter of 2024.

*In Vivo CAR T Platform Technology*

In December 2022 we announced that published proof-of-concept data from murine tumor model studies are anticipated in 2023.

*MB-107 and MB-207 (Ex vivo Lentiviral Therapy for X-linked Severe Combined Immunodeficiency (XSCID))*

Interim Phase 1/2 data on treatment of newly diagnosed infants under the age of two with the same LV vector used in MB-107 were updated at an oral presentation at the American Society of Gene & Cell Therapy ("ASGCT") 25$^{th}$ Annual Meeting held from May 16-19, 2022. The data included 23 infants with XSCID treated with the LV vector at a median age of 3 months (range: 2 months to 14 months) with a median follow-up of 2.4 years (range: 1.4 months to 5.4 years), making it the largest known cohort of infants treated with LV gene therapy with the longest follow-up. Transduced autologous bone marrow CD34+ cells were generated for all patients with a median vector copy number (VCN) of 0.81/cell (range: 0.16-1.81), and a median CD34+ cell dose of 9.61x10$^{6}$/kg (range 4.40-18.95). Prior to the infusion of cells, patients received busulfan targeted to a cumulative area-under-the-curve (cAUC) of 22 mg*hr/L. Severe adverse events occurred in three patients (two patients with pancytopenia and hemolytic anemia, and one patient with delayed neutrophil engraftment, and all resolved.

Seventeen of 18 patients with a follow-up of > 6 months achieved robust immune reconstitution [median CD3+ 2,545/μL, CD4+ 1,568/μL, CD4+/CCR7+/CD45R0- 1,416/μL]. In these 17 patients, T cells matured appropriately as assessed by normal T cell receptor excision circles (TRECs) and TCRvβ repertoire diversity and were functional as judged by phytohemagglutinin activation ("PHA"). All were alive with

stable vector marking in all cell lineages. In addition, 15 patients had discontinued intravenous immunoglobulin, and 12 patients had been successfully immunized. No evidence of clonal expansion or malignant transformation was observed.

The MB-107 timeline has been extended due to unanticipated issues related to the materials used in manufacturing. These issues were communicated to the FDA and the Company received a written response on August 26, 2022. The FDA response provided additional direction enabling us to continue to work effectively with our outside suppliers. We are working towards enrolling the first patient in a pivotal multicenter Phase 2 clinical trial under our IND in 2023.

As a result of the study stopping rules, the NIH single-center trial of the MB-207 product in previously transplanted patients was suspended in 2022 due to the presence of clonal expansion in the myeloid lineage in 10% of the treated patients, although to date there have been no observations of insertional mutagenesis or malignancies. All patients continue to be followed and remain clinically stable with no significant hematological anomalies. Upon review of these data, the FDA agreed that the risk-benefit ratio of both MB-107 and MB-207 remains favorable to support moving forward with Mustang-sponsored multicenter clinical trials once Mustang has appropriately addressed other items flagged by the Agency.

The IND for MB-207 was submitted to the FDA in December 2021. In January 2022, the FDA issued a clinical hold, pending additional CMC data. In order to lift this clinical hold and receive an FDA safe-to-procced for the IND, we believe the most critical activities will be to (1) perform process validation manufacturing runs using healthy donor material and (2) ensure qualification of all assays related to the product release. Following completion of these activities and the earliest release of the clinical hold by FDA, we expect to enroll the first patient in a pivotal multicenter Phase 2 clinical trial in 2023.

*LUMC License*

On July 27, 2022, the Company announced that the first patient successfully received LV-RAG1 *ex vivo* lentiviral gene therapy to treat RAG1-SCID, in an ongoing Phase 1/2 multicenter clinical trial taking place in Europe at LUMC. The patient was administered LV-RAG1 without any complications. LV-RAG1 allowed the patient's body to create a functioning immune system, and he responded well to the standard vaccinations for newborns. The same lentiviral vector drug substance produced by LUMC will be used to transduce patients' cells to create the MB-110 drug product produced at Mustang Bio's Worcester, MA, cell processing facility for further clinical development and to facilitate eventual commercial launch of the product.

*Registration Statements*

On October 23, 2020, the Company filed a shelf registration statement No. 333-249657 on Form S-3 (the "2020 S-3"), which was declared effective on December 4, 2020. Under the 2020 S-3, the Company may sell up to a total of $100.0 million of its securities. As of December 31, 2022, approximately $8.0 million of the 2020 S-3 remained available for sales of securities.

On April 23, 2021, the Company filed a shelf registration statement No. 333-255476 on Form S-3 (the "2021 S-3"), which was declared effective on May 24, 2021. Under the 2021 S-3, the Company may sell up to a total of $200.0 million of its securities. As of December 31, 2022, there have been no sales of securities under the 2021 S-3.

The amount of securities we are able to sell pursuant to the registration statements on Form S-3 is limited. See "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources."

*Term Loan*

On March 4, 2022 (the "Closing Date"), the Company entered into a $75.0 million long-term debt facility with Runway Growth Finance Corp. (the "Term Loan"). Under the Term Loan, $30.0 million of the $75.0 million loan was funded on the Closing Date, with the remaining $45.0 million fundable if the Company achieves certain predetermined milestones.

The Term Loan matures on April 15, 2027 (the "Maturity Date"). As of March 15, 2022, the Company began making monthly payments of interest only until April 1, 2024 (the "Amortization Date"). The Amortization Date may be extended to April 1, 2025, if the Company achieves certain predetermined milestones based on equity raises and the initiation of certain clinical trials. After that, the Company will make monthly payments of interest and principal. If the Amortization Date is extended to April 1, 2025, the monthly payments will be recalculated in equal amounts according to the remaining number of payment dates through the Maturity Date. All unpaid outstanding principal and accrued and unpaid interest will be due and payable in full on the Maturity Date.

The Term Loan accrues interest at a variable annual rate equal to 8.75% plus the greater of (i) 0.50% and (ii) the three month LIBOR Rate for U.S. dollar deposits or the rate otherwise reasonably determined by the Lender to be the rate at which U.S. dollar deposits with a term of three months would be offered by banks in London, England to major banks in the London or other offshore interbank market (the "Applicable Rate"); provided that the Applicable Rate will not be less than 9.25%. On December 7, 2022, the Company entered into the First Amendment (the "First Amendment") to the Loan Agreement by and between the Company and Runway. The First Amendment amended certain definitions and other provisions of the Loan Agreement to replace LIBOR-based benchmark rates applicable to loans outstanding under the Loan Agreement with SOFR-based rates, subject to adjustments as specified in the First Amendment. The Applicable Rate at December 31, 2022, was 13.40%. For the year ended December 31, 2022, the Company made interest payments of $2.7 million recorded in interest expense in the Statements of Operations.

Pursuant to the terms of the Term Loan on the Closing Date the Company paid the Lender upfront fees out of proceeds of $0.4 million consisting of a 1% commitment fee and a deposit of $75,000. In addition, the Company paid other cash fees directly to third parties comprising of an advisory fee and legal fees totaling $2.3 million.

Also, in connection with the Term Loan, on March 4, 2022, the Company issued a warrant to the Lender to purchase 748,036 shares of the Company's common stock with an exercise price of $0.8021 (the "Warrant") via a warrant agreement (the "Warrant Agreement"). The Warrant is exercisable for ten years from the date of issuance. The Lender may exercise the Warrant with cash or through a net issuance conversion. The shares of the Company's common stock will be registered at the Company's first opportunity after the date of the exercise of the Warrant. In addition, the provisions of the Warrant Agreement provide for additional warrants to be issued upon funding of the term loan tranches. The fair value of the warrant at the grant date was determined utilizing a Black Scholes Model with the following assumptions: risk free rate of return 1.74%, volatility of 57.3%, 10-year life yielding a value of approximately $0.4 million as of March 4, 2022. The fair value of the warrant was also recorded in debt discount and will be amortized over the life of the Term Loan.

*At-the-Market Offering*

In July 2018, the Company entered into an At-the-Market Issuance Sales Agreement (the "Mustang ATM") with B. Riley Securities, Inc. (formerly B. Riley FBR, Inc.), Cantor Fitzgerald & Co., National Securities Corporation (now B. Riley FBR, Inc.), and Oppenheimer & Co. Inc. (each an "Agent" and collectively, the "Agents"), relating to the sale of shares of common stock pursuant to the 2020 S-3. Under the Mustang ATM, the Company pays the Agents a commission rate of up to 3.0% of the gross proceeds from the sale of any shares of common stock. On December 31, 2020, the Mustang ATM was amended to add H.C. Wainwright & Co., LLC as an Agent.

During the year ended December 31, 2022, the Company issued approximately 7.9 million shares of common stock at an average price of $0.84 per share for gross proceeds of $6.6 million under the ATM Agreement. In connection with these sales, we paid aggregate fees of approximately $0.1 million for net proceeds of approximately $6.5 million.

During the year ended December 31, 2021, the Company issued approximately 19.4 million shares of common stock at an average price of $3.70 per share for gross proceeds of $71.9 million under the ATM Agreement. In connection with these sales, we paid aggregate fees of approximately $1.3 million for net proceeds of approximately $70.6 million.

Pursuant to the Founders Agreement, the Company issued 196,952 shares of common stock to Fortress at a weighted average price of $0.84 per share for the year ended December 31, 2022, and recorded zero shares issuable to Fortress in connection with the shares issued under the Mustang ATM. Pursuant to the Founders Agreement, Mustang issued 576,157 shares of common stock to Fortress at a weighted average price of $3.70 per share for the year ended December 31, 2021, in connection with the shares issued under the Mustang ATM.

The amount of securities we are able to sell pursuant to the registration statements on Form S-3 is limited. See "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources."

*Authorized Shares*

On June 21, 2022, the stockholders of the Company voted at the 2022 Annual Meeting to approve an amendment to Mustang's Amended and Restated Certificate of Incorporation to increase the number of shares of common stock authorized for issuance by 50 million shares, bringing the total number of authorized shares of common stock to 200 million shares.

We are a majority-controlled subsidiary of Fortress. As a "Controlled Company" we rely on the exemption provided by Nasdaq Listing Rule 5615(c)(2), which permits us to maintain less than a majority of independent directors on our board.

**Critical Accounting Policies and Use of Estimates**

The Company's financial statements include certain amounts that are based on management's best estimates and judgments. The Company's significant estimates include, but are not limited to, useful lives assigned to long-lived assets and amortizable intangible assets, fair value of stock options and warrants, stock-based compensation, accrued expenses, provisions for income taxes and contingencies. Due to the uncertainty inherent in such estimates, actual results may differ from these estimates. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates under different assumptions or conditions. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

While our significant accounting policies are described in the notes to our financial statements included elsewhere in this Report, we believe that the following critical accounting policies are most important to understanding and evaluating our reported financial results.

**Research and Development**

Research and development costs are expensed as incurred. Advance payments for goods and services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received rather than when the payment is made. Upfront and milestone payments due to third parties that perform research and development services on the Company's behalf will be expensed as services are rendered or when the milestone is achieved.

Research and development costs primarily consist of personnel related expenses, including salaries, benefits, travel, and other related expenses, stock-based compensation, payments made to third parties for license and milestone costs related to in-licensed products and technology, payments made to third party contract research organizations for preclinical and clinical studies, investigative sites for clinical trials, consultants, the cost of acquiring and manufacturing clinical trial materials, and costs associated with regulatory filings, laboratory costs and other supplies.

In accordance with ASC 730 10 25 1, *Research and Development*, costs incurred in obtaining technology licenses are charged to research and development expense if the technology licensed has not reached commercial feasibility and has no alternative future use. In each case, we evaluate if the license agreement results in the acquisition of an asset or a business. Such licenses purchased by the Company require substantial completion of research and development, regulatory and marketing approval efforts in order to reach commercial feasibility and has no alternative future use. Accordingly, the total purchase price for the licenses acquired during the period was reflected as research and development - licenses acquired on the Statements of Operations for the years ended December 31, 2022 and 2021.

**Accrued Research and Development Expense**

We record accruals for estimated costs of research, preclinical, clinical and manufacturing development within accrued expenses which are significant components of research and development expenses. A substantial portion of our ongoing research and development activities is conducted by third-party service providers. We accrue the costs incurred under agreements with these third parties based on estimates of actual work completed in accordance with the respective agreements. We determine the estimated costs through discussions with internal personnel and external service providers as to the progress, or stage of completion or actual timeline (start-date and end-date) of the services and the agreed-upon fees to be paid for such services. Payments made to third parties under these arrangements in advance of the performance of the related services are recorded as prepaid expenses until the services are rendered.

If the actual timing of the performance of services or the level of effort varies from the estimate, we adjust accrued expenses or prepaid expenses accordingly, which impact research and development expenses. Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in reporting amounts that are too high or too low in any particular period.

**Fair Value Measurement**

The Company follows accounting guidance on fair value measurements for financial assets and liabilities measured at fair value on a recurring basis. Under the accounting guidance, fair value is defined as an 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 at the measurement date. As such, fair value is a

market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

The accounting guidance requires fair value measurements be classified and disclosed in one of the following three categories:

*Level 1*: Quoted prices in active markets for identical assets or liabilities.
*Level 2*: Observable inputs other than Level 1 prices for similar assets or liabilities that are directly or indirectly observable in the marketplace.
*Level 3*: Unobservable inputs which are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

Certain of the Company's financial instruments are not measured at fair value on a recurring basis but are recorded at amounts that approximate their fair value due to their liquid or short-term nature, such as accounts payable, accrued expenses and other current liabilities.

**Stock-Based Compensation**

The Company expenses stock-based compensation to employees and non-employees over the requisite service period based on the estimated grant-date fair value of the awards and forfeitures, which are recorded upon occurrence. The Company estimates the fair value of stock option grants using the Black-Scholes option pricing model. The assumptions used in calculating the fair value of stock-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment.

We will continue to use judgment in evaluating the expected volatility, expected terms and interest rates utilized for our stock-based compensation expense calculations on a prospective basis. The assumptions underlying these valuations represent our management's best estimate, which involve inherent uncertainties and the application of management judgment. As a result, if factors or expected outcomes change and we use significantly different assumptions or estimates, our stock-based compensation expense could be materially different. We expect to continue to grant options and other stock-based awards in the future, and to the extent that we do, our stock-based compensation expense recognized in future periods will likely increase.

**Income Taxes**

The Company accounts for income taxes under ASC 740, *Income Taxes* ("ASC 740"). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized. Judgments concerning the recognition and measurement of a tax benefit might change as new information becomes available. Our unrecognized tax benefits, if recognized, would not have an impact on our effective tax rate assuming we continue to maintain a full valuation allowance position. We do not expect our unrecognized tax benefits to change significantly over the next 12 months.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim period, disclosure and transition. Based on the Company's evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. As of December 31, 2022, the earliest federal tax year open for the assessment of income taxes under the applicable statutes of limitations is its 2019 tax year. The Company believes that its income tax positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position.

The Company's policy for recording interest and penalties associated with audits is to record such expense as a component of income tax expense. There were no amounts accrued for penalties or interest as of or during the years ended December 31, 2022 and 2021. Management is currently unaware of any issues under review that could result in significant payments, accruals or material deviations from its position.

**Recent Accounting Pronouncements**

See Note 2 to the Financial Statements.

**Smaller Reporting Company Status**

We are a "smaller reporting company," meaning that the market value of our shares held by non-affiliates is less than $700 million and our annual revenue was less than $100 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our shares held by non-affiliates is less than $250 million or (ii) our annual revenue was less than $100 million during the most recently completed fiscal year and the market value of our shares held by non-affiliates is less than $700 million. As a smaller reporting company, we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K , have reduced disclosure obligations regarding executive compensation, and smaller reporting companies are permitted to delay adoption of certain recent accounting pronouncements discussed in Note 2 to our consolidated financial statements located in "Part IV, Item 15., Exhibits and Financial Statement Schedules" in this Annual Report on Form 10-K.

**Results of Operations**

***Comparison of the Years Ended December 31, 2022 and 2021***

| | For the year ended December 31, | | Change | |
|---|---|---|---|---|
| ***($ in thousands)*** | **2022** | **2021** | $ | % |
| Operating expenses: | | | | |
| Research and development | $ 62,475 | $ 49,864 | $ 12,611 | 25 % |
| Research and development – licenses acquired | 1,474 | 5,842 | (4,368) | (75)% |
| General and administrative | 12,210 | 11,017 | 1,193 | 11 % |
| Total operating expenses | 76,159 | 66,723 | 9,436 | 14 % |
| Loss from operations | (76,159) | (66,723) | (9,436) | 14 % |
| | | | | |
| Other income (expense) | | | | |
| Grant income | 1,304 | — | 1,304 | 100 % |
| Interest income | 689 | 368 | 321 | 87 % |
| Interest expense | (3,359) | (15) | (3,344) | 22,293 % |
| Total other income (expense) | (1,366) | 353 | (1,719) | (487)% |
| **Net Loss** | **$ (77,525)** | **$ (66,370)** | **$ (11,155)** | **17 %** |

***Research and Development Expenses***

Research and development expenses primarily consist of personnel related expenses, including salaries, benefits, travel, and other related expenses, stock-based compensation, payments made to third parties for license, sponsored research and milestone costs related to in-licensed products and technology, payments made to third party contract research organizations for preclinical and clinical studies, investigative sites for clinical trials, consultants, the cost of acquiring and manufacturing clinical trial materials, costs associated with regulatory filings, laboratory costs and other supplies.

Research and development expenses increased by approximately $12.6 million from $49.9 million for the year ended December 31, 2021, to $62.5 million for the year ended December 31, 2022. The increase in research and development expense for the year ended December 31, 2022 was primarily attributable to the following:

- $4.3 million for increased research and development employee compensation costs, including stock compensation, as we continue to increase research and development headcount to support development of our clinical programs;
- $2.7 million for increased laboratory supply costs;
- $1.7 million for increased vector manufacturing costs;
- $2.6 million for increased clinical trial related costs;

- approximately $1.6 million for increased other costs including depreciation, software licenses, assay development and rent; and
- offset by approximately $0.3 million for decreased costs for consulting and sponsored research agreements.

Research and development expenses - licenses acquired decreased by $4.4 million from $5.8 million for the year ended December 31, 2021 to $1.5 million for the year ended December 31, 2022. The decrease in research and development expenses - licenses acquired for the year ended December 31, 2022 was primarily attributable to the following:

- Approximately $3.1 million for the annual stock dividend to Fortress;
- $0.8 million for increased costs related to our license with Mayo Clinic;
- $0.3 million related to our LUMC license; and
- $0.2 million related to our licenses with COH.

We expect our research and development activities to increase as we develop our existing product candidates and potentially acquire new product candidates, reflecting increasing costs associated with the following:

- employee-related expenses, which include salaries and benefits;
- license fees and milestone payments related to in-licensed products and technology;
- expenses incurred under agreements with CROs, investigative sites and consultants that conduct our clinical trials and our preclinical activities;
- facility expenses, which include rent, utilities and maintenance costs;
- the cost of acquiring and manufacturing clinical trial materials; and
- costs associated with non-clinical activities, and regulatory approvals.

***General and Administrative Expenses***

General and administrative expenses consist primarily of salaries and related expenses, including stock-based compensation, for executives and other administrative personnel, recruitment expenses, professional fees and other corporate expenses, including investor relations, legal activities including patent fees, and facilities-related expenses.

General and administrative expense increased by approximately $1.2 million from $11.0 million for the year ended December 31, 2021, to $12.2 million for the year ended December 31, 2022. The increase in general and administrative expense for the year ended December 31, 2022, was primarily attributable to the following:

- $0.4 million for increased general and administrative employee compensation costs due primarily to additional headcount to support the Company's continued growth;
- $1.3 million for increased corporate and patent related legal costs;
- $0.4 million for increased third-party consulting;
- $0.6 million for increased other costs, including outside services; and
- offset by approximately $1.3 million for decreased stock-based costs;
- $0.2 million decrease in state taxes.

We anticipate general and administrative expenses will increase in future periods, reflecting continued and increasing costs associated with:

- support of our expanded research and development activities, including additional product candidates entering the clinic;
- stock compensation granted to key employees and non-employees;
- support of business development activities; and
- increased professional fees and other costs associated with the regulatory requirements and increased compliance associated with being a publicly traded company.

***Other Income (Expense)***

Other income (expense) consists primarily of funds received from the NIH grant, interest income earned on cash balances and short-term investments and interest expense on the Company's notes payable. For the year ended December 31, 2022, and 2021, total other income (expense) was approximately $1.4 million of expense and $0.4 million of income, respectively. The $1.7 million decrease in other income (expense) for the year ended December 31, 2022 was primarily attributable to increased interest expense of $3.3 million partially offset by $1.3 million of grant income and increased interest income of $0.3 million.

We expect interest expense to remain higher so long as the Term Loan is outstanding. The amount of our interest expense may increase if interest rates continue to increase because the Term Loan has a variable rate of interest.

**Liquidity and Capital Resources**

The Company has incurred substantial operating losses and expects to continue to incur significant operating losses for the foreseeable future and may never become profitable. As of December 31, 2022, the Company had an accumulated deficit of $329.4 million.

The Company has funded its operations to date primarily through the sale of equity and its Term Loan. The Company expects to continue to use the proceeds from previous financing transactions primarily for general corporate purposes, including financing the Company's growth, developing new or existing product candidates, and funding capital expenditures, acquisitions and investments.

The Company will be required to expend significant funds in order to advance the development of its product candidates. The continuation of our business as a going concern is dependent upon raising additional capital and eventually attaining and maintaining profitable operations. As of December 31, 2022, there is substantial doubt about the Company's ability to continue as a going concern for the next 12 months from the date of issuance of these financial statements. The financial statements included in this Annual Report on Form 10-K do not include any adjustments that might be necessary should operations discontinue.

As of the date of this Annual Report on Form 10-K, our public float was less than $75 million. As a result, we will be limited by the baby shelf rules until such time as our public float exceeds $75 million, which means we only have the capacity to sell shares up to one-third of our public float under shelf registration statements in any twelve-month period. If our public float decreases, the amount of securities we may sell under our Form S-3 shelf registration statements will also decrease. We will remain constrained by the baby shelf rules under our Form S-3 registration statements until such time as our public float exceeds $75 million, at which time the amount of securities we may sell under a Form S-3 registration statement will no longer be limited by the baby shelf rules.

***Contractual Obligations***

We enter into contracts in the normal course of business with licensors, CROs, contract manufacturing organizations (CMOs) and other third parties for the procurement of various products and services, including without limitation biopharmaceutical development, biologic assay development, commercialization, clinical and preclinical development, clinical trials management, pharmacovigilance and manufacturing and supply. These contracts typically do not contain minimum purchase commitments (although they may) and are generally terminable by us upon written notice. Payments due upon termination or cancelation/delay consist of payments for services provided or expenses incurred, including non-cancelable obligations of our service providers, up to the date of cancellation; in certain cases, our contractual arrangements with CROs and CMOs include cancelation and/or delay fees and penalties.

***Cash Flows for the Years Ended December 31, 2022 and 2021***

| *($ in thousands)* | For the year ended December 31, 2022 | 2021 |
|---|---|---|
| **Statement of cash flows data:** | | |
| Total cash (used in) provided by: | | |
| Operating activities | $ (65,066) | $ (53,667) |
| Investing activities | (2,952) | (5,366) |
| Financing activities | 34,056 | 70,847 |
| Net change in cash, cash equivalents and restricted cash | $ (33,962) | $ 11,814 |

*Operating Activities*

Net cash used in operating activities was $65.1 million for the year ended December 31, 2022, compared to $53.7 million for the year ended December 31, 2021. Net cash used in operating activities for the year ended December 31, 2022, was primarily due to approximately $77.5 million in net loss, partially offset by $4.0 million change in operating assets and liabilities, $2.7 million of depreciation expense, $2.3 million of non-cash stock compensation expenses, $1.1 million of common shares issuable for the Founders Agreement, $0.7 million equity fee to Fortress related to the Term Loan, $0.5 million of amortization of debt discount, $0.4 million of research and development-licenses acquired, $0.2 million loss on disposal of property and equipment, $0.3 million of amortization of operating lease right-of-use assets, and $0.2 million of equity fee on issuance of common shares to Fortress.

Net cash used in operating activities was $53.7 million for the year ended December 31, 2021, compared to $37.3 million for the year ended December 31, 2020. Net cash used in operating activities for the year ended December 31, 2021, was primarily due to approximately $66.4 million in net loss, partially offset by $4.2 million of common shares issuable for Founders shares, $3.3 million of non-cash stock compensation expenses, $2.2 million of depreciation expense, $1.9 million of equity fee on issuance of common shares to Fortress and $1.6 million of research and development-licenses acquired.

*Investing Activities*

Net cash used in investing activities was $3.0 million for the year ended December 31, 2022, representing $2.7 million in purchases of fixed assets and $0.4 million in purchases of research and development licenses, offset by $0.1 million of proceeds from the sale of fixed assets.

Net cash used in investing activities was $5.4 million for the year ended December 31, 2021, representing $4.0 million in purchases of fixed assets and $1.4 million in purchases of research and development licenses.

*Financing Activities*

Net cash provided by financing activities was $34.1 million during the year ended December 31, 2022.driven by (i) proceeds from the issuance of the Term Loan of $30.0 million, net of financing costs of $2.7 million; (ii) gross proceeds of $6.6 million, net of offering costs of $0.1 million, from the Mustang ATM; and (iii) $0.2 million raised from the issuance of the Company's common shares in connection with the Employee Stock Purchase Plan ("ESPP").

Net cash provided by financing activities was $70.8 million during the year ended December 31, 2021, representing gross proceeds of $71.9 million, net of offering costs of $1.4 million, from the Mustang ATM and $0.3 million raised from the issuance of the Company's common shares in connection with the ESPP.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risks**

We are exposed to fluctuations in interest rates, subject to a designated floor and cap, on our Term Loan. A change in interest rates could have a material impact on our cash flow. For example, at December 31, 2022, a 100 basis point change in assumed interest rates for our Term Loan would have an annual impact of approximately $0.3 million on interest expense.

**Item 8. Financial Statements and Supplementary Data.**

The information required by this Item is set forth in the financial statements and notes thereto beginning at page F-1 of this Annual Report on Form 10-K.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

Not applicable.

**Item 9A. Controls and Procedures.**

**Disclosure Controls and Procedures**

**Controls and Procedures**

Disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) are designed only to provide reasonable assurance that they will meet their objectives. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness, as of December 31, 2022, of the design and operation of our disclosure controls and procedures, as such term is defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of such date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

**Internal Control over Financial Reporting**

***Management's Report on Internal Control over Financial Reporting.***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting refers to the process designed by, or under the supervision of, our principal executive officer and principal financial officer, and effected by our Board of Directors, management and other personnel, 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, and includes those policies and procedures that:

(1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles ("GAAP"), and that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of our assets that could have a material effect on the financial statements.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2022. In making the assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control - Integrated Framework (2013)*.

Based on our assessment, our management has concluded that, as of December 31, 2022, our internal controls over financial reporting were effective based upon those criteria.

***Changes in Internal Controls over Financial Reporting.***

There were no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdiction that Prevents Inspections.**

None.

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this Item is incorporated herein by reference from our Proxy Statement for our 2023 Annual Meeting of Stockholders.

**Item 11. Executive Compensation**

The information required by this Item is incorporated herein by reference from our Proxy Statement for our 2023 Annual Meeting of Stockholders.

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

The information required by this Item is incorporated herein by reference from our Proxy Statement for our 2023 Annual Meeting of Stockholders.

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

The information required by this Item is incorporated herein by reference from our Proxy Statement for our 2023 Annual Meeting of Stockholders.

**Item 14. Principal Accounting Fees and Services.**

The information required by this Item is incorporated herein by reference from our Proxy Statement for our 2023 Annual Meeting of Stockholders.

**PART IV**

**Item 15. Exhibits, Financial Statement Schedules.**

**(a) Financial Statements.**

The following financial statements are filed as part of this Form 10-K:

**(b) Exhibits.**

| Exhibit No. | Description |
|---|---|
| 3.1 | Amended and Restated Certificate of Incorporation of Mustang Bio, Inc. (formerly Mustang Therapeutics, Inc.), dated July 26, 2016 (incorporated by reference to the Exhibit 3.1 of the Registrant's Form 10-12G (file No. 000-55668) filed with the SEC on July 28, 2016). |
| 3.2 | Certificate of Amendment of the Amended and Restated Certificate of Incorporation of Mustang Bio, Inc., dated June 14, 2018 (incorporated by reference to the Exhibit 3.1 of the Registrant's Quarterly Report on Form 10-Q (file No. 001-38191) filed with the SEC on June 14, 2018). |
| 3.3 | Certificate of Amendment of the Amended and Restated Certificate of Incorporation of Mustang Bio, Inc., dated September 30, 2019 (incorporated by reference to the Exhibit 3.1 of the Registrant's Current Report on Form 8-K (file No. 001-38191) filed with the SEC on September 30, 2019). |
| 3.4 | Certificate of Amendment of the Amended and Restated Certificate of Incorporation of Mustang Bio, Inc., dated December 4, 2020 (incorporated by reference to the Exhibit 3.1 of the Registrant's Current Report on Form 8-K (file No. 001-38191) filed with the SEC on December 4, 2020). |
| 3.5 | Certificate of Amendment of the Amended and Restated Certificate of Incorporation of Mustang Bio, Inc., dated June 17, 2021 (incorporated by reference to the Exhibit 3.1 of the Registrant's Current Report on Form 8-K (file No. 001-38191) filed with the SEC on June 22, 2021). |
| 3.6 | Certificate of Amendment of the Amended and Restated Certificate of Incorporation of Mustang Bio, Inc., dated July 5, 2022 (incorporated by reference to the Exhibit 3.1 of the Registrant's Current Report on Form 8-K (file No. 001-38191) filed with the SEC on July 5, 2022). |
| 3.7 | Bylaws of Mustang Bio, Inc. (incorporated by reference to the Exhibit 3.2 of the Registrant's Form 10-12G (file No. 000-55668) filed with the SEC on July 28, 2016). |
| 4.1 | Specimen certificates evidencing shares of common stock, Class A common stock and Class A preferred stock (incorporated by reference to the Exhibit 4.1 of the Registrant's Form 10-12G (file No. 000-55668) filed with the SEC on July 28, 2016). |
| 4.2 | Form of warrant agreement (incorporated by reference to the Exhibit 4.2 of the Registrant's Form 10-12G (file No. 000-55668) filed with the SEC on July 28, 2016). |
| 4.3 | Description of Securities of Mustang Bio, Inc. ** |
| 10.1 | Second Amended and Restated Founders Agreement between Fortress Biotech, Inc. and Mustang Bio, Inc., dated July 26, 2016 (incorporated by reference to the Exhibit 10.1 of the Registrant's Form 10-12G (file No. 000-55668) filed with the SEC on July 28, 2016). |
| 10.2 | Management Services Agreement between Fortress Biotech, Inc. and Mustang Bio, Inc., dated March 13, 2015 (incorporated by reference to the Exhibit 10.2 of the Registrant's Form 10-12G (file No. 000-55668) filed with the SEC on July 28, 2016). |
| 10.3 | Future Advance Promissory Note to Fortress Biotech, Inc., dated May 5, 2016 (incorporated by reference to the Exhibit 10.3 of the Registrant's Form 10-12G (file No. 000-55668) filed with the SEC on July 28, 2016). |
| 10.4 | Promissory Note to NSC Biotech Venture Fund I, LLC, dated July 5, 2016 (incorporated by reference to the Exhibit 10.4 of the Registrant's Form 10-12G (file No. 000-55668) filed with the SEC on July 28, 2016). |

| Exhibit No. | Description |
|---|---|
| 10.5 | Common Stock Warrant issued by Mustang Bio, Inc. to NSC Biotech Venture Fund I, LLC, dated July 5, 2016 (incorporated by reference to the Exhibit 10.5 of the Registrant's Form 10-12G (file No. 000-55668) filed with the SEC on July 28, 2016). |
| 10.6 | License Agreement by and between Mustang Bio, Inc. and City of Hope, dated March 17, 2015 (incorporated by reference to the Exhibit 10.6 of the Registrant's Form 10-12G (file No. 000-55668) filed with the SEC on July 28, 2016). # |
| 10.7 | Sponsored Research Agreement by and between Mustang Bio, Inc. and City of Hope, dated March 17, 2015 (incorporated by reference to the Exhibit 10.7 of the Registrant's Form 10-12G (file No. 000-55668) filed with the SEC on July 28, 2016). |
| 10.8 | Mustang Bio, Inc. 2016 Incentive Plan (incorporated by reference to the Exhibit 10.8 of the Registrant's Form 10-12G (file No. 000-55668) filed with the SEC on July 28, 2016). † |
| 10.9 | Mustang Bio, Inc. Non-Employee Directors Compensation Plan (incorporated by reference to the Exhibit 10.9 of the Registrant's Form 10-12G (file No. 000-55668) filed with the SEC on July 28, 2016). † |
| 10.10 | Agreement by and between Mustang Bio, Inc. and Chord Advisors, LLC, dated April 8, 2016 (incorporated by reference to the Exhibit 10.10 of the Registrant's Form 10-12G (file No. 000-55668) filed with the SEC on July 28, 2016). |
| 10.11 | Board Advisory Services Agreement by and between Mustang Bio, Inc. and Caribe BioAdvisors, LLC, dated January 1, 2017 (incorporated by reference to the Exhibit 10.11 of the Registrant's Annual Report on Form 10-K (file No. 000-55668) filed with the SEC on March 31, 2017). |
| 10.12 | Exclusive License Agreement by and between Mustang Bio, Inc. and The Regents of the University of California, dated March 17, 2017 (incorporated by reference to the Exhibit 10.4 of the Registrant's Quarterly Report on Form 10-Q (file No. 000-55668) filed with the SEC on August 14, 2017). # |
| 10.13 | Exclusive License Agreement (IV/ICV) by and between Mustang Bio, Inc. and City of Hope, dated February 17, 2017.<br>Filed as Exhibit 10.5 on the Company's Form 10-Q filed on August 14, 2017 (incorporated by reference to the Exhibit 10.5 of the Registrant's Quarterly Report on Form 10-Q (file No. 000-55668) filed with the SEC on August 14, 2017). # |
| 10.14 | Amended and Restated Exclusive License Agreement (CD123) by and between Mustang Bio, Inc. and City of Hope, dated February 17, 2017 (incorporated by reference to the Exhibit 10.14 of the Registrant's Annual Report on Form 10-K (file No. 000-55668) filed with the SEC on March 31, 2017). # |
| 10.15 | Amended and Restated Exclusive License Agreement (*IL13Ra2*) by and between Mustang Bio, Inc. and City of Hope, dated February 17, 2017 (incorporated by reference to the Exhibit 10.15 of the Registrant's Annual Report on Form 10-K (file No. 000-55668) filed with the SEC on March 31, 2017). # |
| 10.16 | Amended and Restated Exclusive License Agreement (Spacer) by and between Mustang Bio, Inc. and City of Hope, dated February 17, 2017 (incorporated by reference to the Exhibit 10.16 of the Registrant's Annual Report on Form 10-K (file No. 000-55668) filed with the SEC on March 31, 2017). # |
| 10.17 | Employment Agreement between Manuel Litchman and Mustang Bio, Inc., effective as of April 24, 2017 (incorporated by reference to the Exhibit 10.1 of the Registrant's Current Report on Form 8-K (file No. 000-55668) filed with the SEC on April 24, 2017). † |
| 10.18 | License Agreement (CSI) by and between Mustang Bio, Inc. and City of Hope, dated May31, 2017 (incorporated by reference to the Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q/A (file No. 001-38191) filed with the SEC on November 14, 2017). # |
| 10.19 | License Agreement (PSCA)by and between Mustang Bio, Inc. and City of Hope, dated May 31, 2017 (incorporated by reference to the Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q/A (file No. 001-38191) filed with the SEC on November 14, 2017). # |

| Exhibit No. | Description |
|---|---|
| 10.20 | License Agreement (HER2) by and between Mustang Bio, Inc. and City of Hope, dated May31, 2017 (incorporated by reference to the Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q/A (file No. 001-38191) filed with the SEC on November 14, 2017). # |
| 10.21 | Lease Agreement by and between Mustang Bio, Inc. and WCS - 377 Plantation Street, Inc., dated October 27, 2017 (incorporated by reference to the Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q (file No. 001-38191) filed with the SEC on November 14, 2017). |
| 10.22 | Sublease Agreement by and between Mustang Bio, Inc., and The Paul Reverse Life Insurance Company, dated June 14, 2022. ** |
| 10.23 | First Amendment to Sublease Agreement by and between Mustang Bio, Inc. and The Paul Revere Life Insurance Company, dated October 25, 2022. ** |
| 10.24 | Mustang Bio, Inc. 2019 Employee Stock Purchase Plan (incorporated by reference to the Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q (file No. 001-38191) filed with the SEC on August 9, 2019).† |
| 10.25 | Second Amendment to the Mustang Bio, Inc. 2016 Equity Incentive Plan, dated June 17, 2021 (incorporated by reference to the Exhibit 10.1 of the Registrant's Current Report on Form 8-K (file No. 001-38191) filed with the SEC on June 22, 2021). † |
| 10.26 | Third Amendment to Mustang Bio, Inc. 2016 Equity Incentive Plan, dated June 21,2022 (incorporated by reference to the Exhibit 10.1 of the Registrant's Current Report on Form 8-K (file No. 001-38191) filed with the SEC on June 24, 2022). † |
| 10.27 | Amendment to the Mustang Bio, Inc. 2019 Employee Stock Purchase Plan, dated June 17, 2021 (incorporated by reference to the Exhibit 10.2 of the Registrant's Current Report on Form 8-K (file No. 001-38191) filed with the SEC on June 22, 2021). † |
| 10.28 | Warrant to Purchase Common Stock issued to Runway Growth Finance Corp., dated March 4, 2022 (incorporated by reference to the Exhibit 4.1 of the Registrant's Current Report on Form 8-K (file No. 001-38191) filed with the SEC on March 8, 2022). |
| 10.29 | Loan and Security Agreement by and between Mustang Bio, Inc., the Borrower, the Lenders, and Runway Growth Finance Corp. (as agent), dated March 4, 2022 (incorporated by reference to the Exhibit 99.1 of the Registrant's Current Report on Form 8-K (file No. 001-38191) filed with the SEC on March 8, 2022). |
| 10.30 | First Amendment to Loan and Security Agreement by and between Mustang Bio, Inc., the Borrower, the Lenders and Runway Growth Finance Corp. (as agent), dated December 7, 2022 (incorporated by reference to the Exhibit 10.1 of the Registrant's Current Report on Form 8-K (file No. 001-38191) filed with the SEC on December 13, 2022). |
| 16.1 | Letter from BDO USA, LLP to the Securities and Exchange Commission dated September 22, 2021, incorporated by reference to the Form 8-K filed on September 24, 2021. * |
| 23.1 | Consent of Independent Registered Public Accounting Firm, KPMG, LLP, Hartford, Connecticut. |
| 24.1 | Power of Attorney (included on signature page). |
| 31.1 | Certification of President and Chief Executive Officer, pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Principal Financial Officer, pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |

| Exhibit No. | Description |
|---|---|
| 32.1 | Certification of President and Chief Executive Officer, pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Principal Financial Officer, pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101 | The following financial information from Mustang Bio, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2022, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) the Balance Sheets, (ii) the Statements of Operations, (iii) the Statement of Stockholders' Equity, (iv) the Statements of Cash Flows, and (v) Notes to the Financial Statements (filed herewith). |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in exhibit 101) |

# Confidential treatment has been granted with respect to omitted portions of this exhibit.

† Indicates management contract or compensatory plan or arrangement.

** Filed herewith.

**Item 16. Form 10-K Summary.**

None.

**INDEX TO FINANCIAL STATEMENTS**

**Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors
Mustang Bio, Inc.:

*Opinion on the Financial Statements*

We have audited the accompanying balance sheets of Mustang Bio, Inc. (the Company) as of December 31, 2022 and 2021, the related statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years then ended, in conformity with U.S. generally accepted accounting principles.

*Going Concern*

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company's expectation to generate operating losses and negative operating cash flows in the future, projections of future inability to meet certain financial debt covenants, and the need for additional funding to support its planned operations raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements and supplemental information do not include any adjustments that might result from the outcome of this uncertainty.

*Basis for Opinion*

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our 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/ KPMG LLP

We have served as the Company's auditor since 2021.

Hartford, Connecticut
March 29, 2023

**MUSTANG BIO, INC.**
**BALANCE SHEETS**
(in thousands, except for share and per share amounts)

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 75,656 | $ 109,618 |
| Other receivables - related party | 36 | 50 |
| Prepaid expenses and other current assets | 3,160 | 2,038 |
| Total current assets | 78,852 | 111,706 |
| | | |
| Property, plant and equipment, net | 8,440 | 9,025 |
| Fixed assets - construction in process | 951 | 2,027 |
| Restricted cash | 1,000 | 1,000 |
| Other assets | 261 | 362 |
| Operating lease right-of-use asset, net | 2,918 | 1,050 |
| **Total Assets** | **$ 92,422** | **$ 125,170** |
| | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | $ 13,731 | $ 9,744 |
| Payables and accrued expenses - related party | 766 | 723 |
| Operating lease liabilities - short-term | 612 | 348 |
| Total current liabilities | **15,109** | **10,815** |
| | | |
| Deferred income | 270 | 270 |
| Note payable, long-term, net | 27,436 | — |
| Operating lease liabilities - long-term | 3,334 | 1,685 |
| **Total Liabilities** | **46,149** | **12,770** |
| | | |
| **Commitments and Contingencies (Note 7)** | | |
| | | |
| **Stockholders' Equity** | | |
| Preferred stock ($0.0001 par value), 2,000,000 shares authorized, 250,000 shares of Class A preferred stock issued and outstanding as of December 31, 2022 and 2021, respectively | — | — |
| Common stock ($0.0001 par value), 200,000,000 and 150,000,000 shares authorized as of December 31, 2022 and 2021, respectively | | |
| Class A common shares, 845,385 shares issued and outstanding as of December 31, 2022 and 2021, respectively | — | — |
| Common shares, 106,501,663 and 93,582,991 shares issued and outstanding as of December 31, 2022 and 2021, respectively | 11 | 9 |
| Common stock issuable, 2,807,008 and 2,536,607 shares as of December 31, 2022 and 2021, respectively | 1,109 | 4,329 |
| Additional paid-in capital | 374,522 | 359,906 |
| Accumulated deficit | (329,369) | (251,844) |
| **Total Stockholders' Equity** | **46,273** | **112,400** |
| **Total Liabilities and Stockholders' Equity** | **$ 92,422** | **$ 125,170** |

*See accompanying notes to financial statements.*

**MUSTANG BIO, INC.**
**STATEMENTS OF OPERATIONS**
(in thousands, except for share and per share amounts)

| | For the year ended December 31, | |
|---|---|---|
| | **2022** | **2021** |
| Operating expenses: | | |
| Research and development | $ 62,475 | $ 49,864 |
| Research and development – licenses acquired | 1,474 | 5,842 |
| General and administrative | 12,210 | 11,017 |
| Total operating expenses | 76,159 | 66,723 |
| Loss from operations | (76,159) | (66,723) |
| | | |
| Other income (expense) | | |
| Grant income | 1,304 | — |
| Interest income | 689 | 368 |
| Interest expense | (3,359) | (15) |
| Total other income (expense) | (1,366) | 353 |
| **Net Loss** | **$ (77,525)** | **$ (66,370)** |
| | | |
| Net loss per common share outstanding, basic and diluted | $ (0.75) | $ (0.76) |
| | | |
| Weighted average number of common shares outstanding, basic and diluted | 103,432,603 | 87,885,235 |

*See accompanying notes to financial statements.*

**MUSTANG BIO, INC.**
**STATEMENTS OF STOCKHOLDERS' EQUITY**
(in thousands, except share amounts)

| | Class A Preferred Stock | | Class A Common Shares | | Common Shares | | Common Stock Issuable | Additional Paid-in Capital | Accumulated Deficit | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | | | | |
| **Balances at December 31, 2020** | **250,000** | **$ —** | **845,385** | **$ —** | **70,920,693** | **$ 7** | **$ 7,939** | **$ 275,963** | **$ (185,474)** | **$ 98,435** |
| Common stock issuable - Founders Agreement | — | — | — | — | — | — | 4,212 | — | — | **4,212** |
| Issuance of common shares - Founders Agreement | — | — | — | — | 2,001,490 | — | (7,577) | 7,577 | — | **—** |
| Issuance of common shares, net of offering costs - At-the-Market Offering | — | — | — | — | 19,419,944 | 2 | — | 70,620 | — | **70,622** |
| Issuance of common shares - Equity fee on At-the-Market Offering | — | — | — | — | 576,157 | — | (245) | 2,129 | — | **1,884** |
| Issuance of common shares under ESPP | — | — | — | — | 114,321 | — | — | 309 | — | **309** |
| Correction to previously issued shares | — | — | — | — | 60,999 | — | — | — | — | **—** |
| Stock-based compensation expenses | — | — | — | — | 489,249 | — | — | 3,308 | — | **3,308** |
| Exercise of warrants | — | — | — | — | 138 | — | — | — | — | **—** |
| Net loss | — | — | — | — | — | — | — | — | (66,370) | **(66,370)** |
| **Balances at December 31, 2021** | **250,000** | **$ —** | **845,385** | **$ —** | **93,582,991** | **$ 9** | **$ 4,329** | **$ 359,906** | **$ (251,844)** | **$ 112,400** |
| Common stock issuable - Founders Agreement | — | — | — | — | — | — | 1,109 | — | — | **1,109** |
| Issuance of common shares - Founders Agreement | — | — | — | — | 2,536,607 | — | (4,212) | 4,212 | — | **—** |
| Issuance of common shares, net of offering costs - At-the-Market Offering | — | — | — | — | 7,878,095 | 2 | — | 6,498 | — | **6,500** |
| Issuance of common shares - Equity fee on At-the-Market Offering | — | — | — | — | 248,247 | — | (117) | 283 | — | **166** |
| Issuance of common shares under ESPP | — | — | — | — | 330,833 | — | — | 206 | — | **206** |
| Issuance of common shares - Equity fee on RWG Debt | — | — | — | — | 954,927 | — | — | 750 | — | **750** |
| Issuance of warrants for RWG Debt | — | — | — | — | — | — | — | 384 | — | **384** |
| Stock-based compensation expenses | — | — | — | — | 969,963 | — | — | 2,283 | — | **2,283** |
| Net loss | — | — | — | — | — | — | — | — | (77,525) | **(77,525)** |
| **Balances at December 31, 2022** | **250,000** | **$ —** | **845,385** | **$ —** | **106,501,663** | **$ 11** | **$ 1,109** | **$ 374,522** | **$ (329,369)** | **$ 46,273** |

*See accompanying notes to financial statements.*

**MUSTANG BIO, INC.**
**STATEMENTS OF CASH FLOWS**
(in thousands)

| | For the year ended December 31, | |
|---|---|---|
| | **2022** | **2021** |
| **Cash Flows from Operating Activities:** | | |
| Net loss | $ (77,525) | $ (66,370) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Issuance of common shares - Equity fee on At-the-Market Offering to Fortress | 166 | 1,884 |
| Common shares issuable for Founders Agreement | 1,109 | 4,212 |
| Research and development - licenses acquired | 365 | 1,630 |
| Issuance of common shares - Equity fee to Fortress on note payable | 750 | — |
| Stock-based compensation expenses | 2,283 | 3,308 |
| Depreciation expense | 2,723 | 2,167 |
| Amortization of debt discount | 470 | — |
| Amortization of operating lease right-of-use assets | 308 | 139 |
| Loss on disposal of property and equipment | 255 | — |
| Changes in operating assets and liabilities: | | |
| Prepaid expenses and other assets | (1,021) | (401) |
| Other receivables - related party | 14 | (35) |
| Accounts payable and accrued expenses | 5,257 | (408) |
| Payable and accrued expenses - related party | 43 | 233 |
| Deferred income | — | 270 |
| Lease liabilities | (263) | (296) |
| Net cash used in operating activities | (65,066) | (53,667) |
| | | |
| **Cash Flows from Investing Activities:** | | |
| Purchase of research and development licenses | (365) | (1,380) |
| Proceeds from the sale of fixed assets | 127 | — |
| Purchase of fixed assets | (2,714) | (3,986) |
| Net cash used in investing activities | (2,952) | (5,366) |
| | | |
| **Cash Flows from Financing Activities:** | | |
| Proceeds from issuance of common shares - At-the-Market Offering | 6,623 | 71,919 |
| Offering costs for the issuance of common shares - At-the-Market Offering | (123) | (1,381) |
| Proceeds from debt issuance | 30,000 | — |
| Fees paid on the issuance of debt | (2,650) | — |
| Proceeds from issuance of common shares under ESPP | 206 | 309 |
| Net cash provided by financing activities | 34,056 | 70,847 |
| | | |
| Net change in cash, cash equivalents and restricted cash | (33,962) | 11,814 |
| Cash, cash equivalents and restricted cash, beginning of the period | 110,618 | 98,804 |
| **Cash, cash equivalents and restricted cash, end of the period** | **$ 76,656** | **$ 110,618** |
| | | |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for interest | $ 2,710 | $ — |
| | | |
| **Supplemental disclosure of noncash activities:** | | |
| Fixed assets (acquired but not paid) | $ — | $ 1,270 |
| Issuance of common shares - Founders Agreement | $ 4,212 | $ 7,577 |
| Research and development licenses included in accounts payable and accrued expenses | $ — | $ 250 |
| Note payable final payment fee (incurred but not paid) | $ 1,050 | $ — |
| Issuance of warrants - note payable | $ 384 | $ — |
| Lease liabilities arising from obtaining right-of-use assets | $ 2,176 | $ 101 |

*See accompanying notes to financial statements.*

**Notes to Financial Statements**

**Note 1 - Organization and Description of Business**

Mustang Bio, Inc. (the “Company” or “Mustang”) was incorporated in Delaware on March 13, 2015. Mustang is as a clinical-stage biopharmaceutical company focused on translating today’s medical breakthroughs in cell and gene therapy into potential cures for hematologic cancers, solid tumors and rare genetic diseases. The Company may acquire rights to these technologies by licensing the rights or otherwise acquiring an ownership interest in the technologies, funding their research and development and eventually either out-licensing or bringing the technologies to market.

The Company is a majority-controlled subsidiary of Fortress Biotech, Inc. (“Fortress” or “Parent”).

*Liquidity and Capital Resources*

The Company has incurred substantial operating losses and expects to continue to incur significant operating losses for the foreseeable future and may never become profitable. As of December 31, 2022, the Company had an accumulated deficit of $329.4 million.

The Company has funded its operations to date primarily through the sale of equity and via debt raises, including its loan and financing agreement with Runaway Growth Finance Corporation (the "Lender"), herein referred to as the "Term Loan." The Company expects to continue to use the proceeds from previous financing transactions primarily for general corporate purposes, including financing the Company’s growth, developing new or existing product candidates, and funding capital expenditures, acquisitions and investments.

The Company will be required to expend significant funds in order to advance the development of its product candidates. The Company will require additional financings through equity and debt offerings, collaborations and licensing arrangements or other sources to fully develop, prepare regulatory filings, obtain regulatory approvals and commercialize its existing and any new product candidates. The continuation of our business as a going concern is dependent upon raising additional capital and eventually attaining and maintaining profitable operations.

In accordance with Accounting Standards Codification (“ASC”) 205-40, Going Concern, the Company evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern within one year after the date that these consolidated financial statements are issued. This evaluation initially does not take into consideration the potential mitigating effect of management’s plans that have not been fully implemented as of the date the financial statements are issued. When substantial doubt exists under this methodology, management evaluates whether the mitigating effect of its plans sufficiently alleviates substantial doubt about the Company’s ability to continue as a going concern. The mitigating effect of management’s plans, however, is only considered if both (1) it is probable that the plans will be effectively implemented within one year after the date that the financial statements are issued, and (2) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the date that these consolidated financial statements are issued. In performing its evaluation, management excluded certain elements of its operating plan that cannot be considered probable. Under ASC 205-40, the future receipt of potential funding from future equity or debt issuances, and the potential sale of priority review vouchers cannot be considered probable at this time because these plans are not entirely within the Company’s control nor have been approved by the Board of Directors as of the date of these financial statements.

The Company's expectation to generate operating losses and negative operating cash flows in the future, as well as projections of future inability to meet certain financial debt covenants, and the need for additional funding to support its planned operations raise substantial doubt regarding the Company’s ability to continue as a going concern for a period of one year after the date that these consolidated financial statements are issued. The Company continues to monitor its spending by reducing 2023 expenses, which may include projected savings through delaying the development timelines of certain programs, or termination of such programs and the pursuit of additional cash resources through public or private equity or debt financings. The Company has concluded that substantial doubt exists about the Company’s ability to continue as a going concern for a period of at least 12 months from the date of issuance of these consolidated financial statements.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary if the Company is unable to continue as a going concern.

**Note 2 - Significant Accounting Policies**

***Basis of Presentation***

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Company has no subsidiaries.

All inter-company transactions between Fortress and Mustang are classified as due from or due to related party in the financial statements. The Company believes that the assumptions underlying the financial statements are reasonable.

***Segments***

Operating segments are defined as components of an enterprise 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 Company views its operations and manages its business in one operating and reporting segment.

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

The Company considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at December 31, 2022 and 2021, consisted of cash and certificates of deposit in institutions in the United States. The Company maintains its cash and cash equivalent balances with high-quality financial institutions and, consequently, the Company believes that such funds are currently adequately protected against credit risk. At times, portions of the Company's cash and cash equivalents may be uninsured or in deposit accounts that exceed Federal Deposit Insurance Corporation (FDIC) limits, though the Company customarily invests a significant portion of its cash in CDARS accounts to maximize FDIC insurance coverage across its holdings. As of December 31, 2022, the Company had not experienced losses on these accounts, and management believes the Company is not exposed to significant risk on such accounts.

***Other Receivables – Related Party***

Other receivables include amounts due to the Company from Fortress and Journey Medical Corporation, both related parties, and is recorded at the invoiced amount.

***Restricted Cash***

The Company records cash held in an escrow account as a security deposit for the manufacturing facility in Worcester, Massachusetts, as restricted cash. The Company had $1.0 million in restricted cash as of December 31, 2022 and 2021, respectively. The Facility initiated cell processing operations for personalized CAR T and gene therapies in 2018.

***Property, plant and equipment, net***

Property and equipment, net, which consists mainly of laboratory equipment, are carried at cost less accumulated depreciation. Depreciation is computed over the estimated useful lives of the respective assets, generally five years, using the straight-line method.

***Property and equipment - Construction in Process***

In connection with the Company's cell processing facility, the Company incurred costs for the design and construction of the facility and the purchase of equipment; $1.0 million and $2.0 million are recorded in fixed assets - construction in process on the balance sheet at December 31, 2022 and 2021, respectively. Upon completion of the facility's construction, all costs associated with the buildout will be recorded as leasehold improvements and amortized over the shorter of the estimated useful lives or the term of the respective leases, upon the improvement being placed in service.

***Research and Development Costs***

Research and development costs are expensed as incurred. Advance payments for goods and services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received rather than when the payment is made. Upfront and milestone payments due to third parties that perform research and development services on the Company's behalf will be expensed as services are rendered or when the milestone is achieved.

Research and development costs primarily consist of personnel related expenses, including salaries, benefits, travel, and other related expenses, stock-based compensation, payments made to third parties for license and milestone costs related to in-licensed products and technology, payments made to third party contract research organizations for preclinical and clinical studies, investigative sites for clinical trials, consultants, the cost of acquiring and manufacturing clinical trial materials, costs associated with regulatory filings, laboratory costs and other supplies.

In accordance with Accounting Standards Codification ("ASC") 730-10-25-1, *Research and Development,* costs incurred in obtaining technology licenses are charged to research and development expense if the technology licensed has not reached commercial feasibility and has no alternative future use. The licenses purchased by the Company require substantial completion of research and development, regulatory and marketing approval efforts to reach commercial feasibility and has no alternative future use. Accordingly, the total purchase price for the licenses acquired is reflected as research and development - licenses acquired in the Company's Statements of Operations.

***Annual Stock Dividend***

In July 2016, in connection with the Amended and Restated Articles of Incorporation, the Company issued 250,000 Class A preferred shares to Fortress. The Class A preferred shares entitle the holder to a stock dividend equal to 2.5% of the fully diluted outstanding equity of the Company (the "Annual Stock Dividend"). The Annual Stock Dividend was part of the consideration payable for formation of the Company and the identification of certain assets, including the license contributed to Mustang by Fortress (see Note 4).

In June 2018, in connection with the Amended and Restated Articles of Incorporation, the Company amended the Annual Stock Dividend due date from March 13th to January 1st.

Pursuant to the Amended and Restated Articles of Incorporation, the Company issued 2,807,008 shares of common stock to Fortress for the Annual Stock Dividend, representing 2.5% of the fully-diluted outstanding equity of Mustang on January 1, 2023. This was shown in the Statement of Stockholders' Equity at December 31, 2022, as Common stock issuable – Founders Agreement. The Company recorded an expense of approximately $1.1 million in research and development - licenses acquired related to these issuable shares during the year ended December 31, 2022.

Pursuant to the Amended and Restated Articles of Incorporation, the Company issued 2,536,607 shares of common stock to Fortress for the Annual Stock Dividend, representing 2.5% of the fully-diluted outstanding equity of Mustang on January 1, 2022. This was shown in the Statement of Stockholders' Equity at December 31, 2021, as Common stock issuable –

Founders Agreement. The Company recorded an expense of approximately $4.2 million in research and development - licenses acquired related to these issuable shares during the year ended December 31, 2021.

***Fair Value Measurement***

The Company follows accounting guidance on fair value measurements for financial assets and liabilities measured at fair value on a recurring basis. Under the accounting guidance, fair value is defined as an 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 at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

The accounting guidance requires fair value measurements be classified and disclosed in one of the following three categories:

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

Level 2: Observable inputs other than Level 1 prices, for similar assets or liabilities that are directly or indirectly observable in the marketplace.

Level 3: Unobservable inputs which are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

***Leases***

Arrangements meeting the definition of a lease are classified as operating or financing leases and are recorded on the balance sheet as both a right of use asset and lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease or the Company's incremental borrowing rate. Lease liabilities are increased by interest and reduced by payments each period, and the right of use asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right of use asset result in straight-line rent expense over the lease term. Variable lease expenses are recorded when incurred. In calculating the right of use asset and lease liability, the Company elects to combine lease and non-lease components. The Company excludes short-term leases having initial terms of 12 months or less from the new guidance as an accounting policy election and recognizes rent expense on a straight-line basis over the lease term.

***Stock-Based Compensation***

The Company expenses stock-based compensation to employees over the requisite service period based on the estimated grant-date fair value of the awards and forfeiture rates.

The Company estimates the fair value of stock option grants using the Black-Scholes option pricing model or 409a valuations, as applicable. The assumptions used in calculating the fair value of stock-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment.

***Income Taxes***

The Company records income taxes using the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax effects attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases, and operating loss and tax credit carryforwards. The Company establishes a valuation allowance if management believes it is more likely than not that the deferred tax assets

will not be recovered based on an evaluation of objective verifiable evidence. For tax positions that are more likely than not of being sustained upon audit, the Company recognizes the largest amount of the benefit that is greater than 50% likely of being realized. For tax positions that are not more likely than not of being sustained upon audit, the Company does not recognize any portion of the benefit.

***Net Loss per Share***

Net loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the period less unvested restricted stock. Since dividends are declared, paid and set aside among the holders of shares of common stock and Class A common shares pro-rata on an as-if-converted basis, the two-class method of computing net loss per share is not required. Diluted net loss per share does not reflect the effect of shares of common stock to be issued upon the exercise of warrants or outstanding Class A preferred shares, as their inclusion would be anti-dilutive.

The table below summarizes potentially dilutive securities that were not considered in the computation of diluted net loss per share because they would be anti-dilutive.

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Warrants | 1,052,920 | 3,308,654 |
| Options | 1,141,675 | 1,141,675 |
| Class A Preferred Shares | 250,000 | 250,000 |
| Unvested restricted stock awards | 510,245 | 280,983 |
| Unvested restricted stock units | 2,488,687 | 2,335,557 |
| Total | 5,443,527 | 7,316,869 |

***Comprehensive Loss***

The Company has no components of other comprehensive loss, and therefore, comprehensive loss equals net loss.

***Recent Accounting Pronouncements***

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-06, *"Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity,"* which simplifies accounting for convertible instruments by removing major separation models required under current GAAP. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, and it also simplifies the diluted earnings per share calculation in certain areas. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption will be permitted. The Company is currently evaluating the impact of this standard on its financial statements.

In June 2016, FASB issued ASU 2016-13, *"Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments"*. ASU 2016-13 requires that expected credit losses relating to financial assets are measured on an amortized cost basis and available-for-sale debt securities be recorded through an allowance for credit losses. ASU 2016-13 limits the amount of credit losses to be recognized for available-for-sale debt securities to the amount by which carrying value exceeds fair value and also requires the reversal of previously recognized credit losses if fair value increases. Recently, the FASB issued the final ASU to delay adoption for smaller reporting companies to calendar year 2023. The Company is currently assessing the impact of the adoption of this ASU on its financial statements.

**Note 3 - License, Clinical Trial and Sponsored Research Agreements**

**Research and Development Expenses – All Licenses**

For the years ended December 31, 2022 and 2021, the Company recorded the following expense in research and development for licenses acquired:

| | For the year ended December 31, | |
|---|---|---|
| **($ in thousands)** | **2022** | **2021** |
| City of Hope National Medical Center | | |
| CD123 | $ — | $ 250 |
| IV/ICV | 125 | — |
| PSCA | — | 250 |
| HER2 | 200 | — |
| CSL Behring (Calimmune) | 40 | 30 |
| Leiden University Medical Centre | — | 350 |
| Mayo Clinic | — | 750 |
| Fortress PIK Dividend | 1,109 | 4,212 |
| Total | $ 1,474 | $ 5,842 |

**License Agreements**

***City of Hope***

*CD123 License (MB-102)*

In February 2017, the Company entered into an Amended and Restated Exclusive License Agreement with the City of Hope National Medical Center ("COH") to acquire intellectual property rights pertaining to CD123 specific CAR T technology. Pursuant to this agreement, the Company and COH acknowledged that an upfront fee was previously paid. In addition, COH is eligible to receive an annual maintenance fee of $25,000 and milestone payments totaling $14.5 million upon the achievement of certain milestones. Royalty payments in the mid-single digits are due on net sales of licensed products.

For the year ended December 31, 2021, the Company recorded a non-refundable milestone payment of $0.3 million for the 24$^{th}$ patient treated in connection with the CD123 study. There were no such expenses for the year ended December 31, 2022.

*IV/ICV*

In February 2017, the Company entered into an exclusive license agreement (the "IV/ICV License") with COH to acquire intellectual property rights in patent applications related to the intraventricular and intracerebroventricular methods of delivering T cells that express CARs. Pursuant to the IV/ICV License, in March 2017, the Company paid COH an upfront fee of $0.1 million. COH is eligible to receive a milestone payment totaling approximately $0.1 million, upon and subject to the achievement of a milestone, and an annual maintenance fee of $25,000. Royalty payments in the low single digits are due on net sales of licensed products. The Company is obligated to pay COH a percentage of certain revenues received in connection with a sublicense in the mid-thirties, but no such payments are due in connection with sublicenses that are granted in conjunction with the sublicense of other CAR T programs that are licensed from COH to the Company.

For the year ended December 31, 2022, the Company expensed a non-refundable milestone payment of $0.1 million in connection with the first patent within the Patent Rights issued. There were no such expenses for the year ended December 31, 2021.

*PSCA License (MB-105)*

In May 2017, the Company entered into an exclusive license agreement with COH for the use of prostate stem cell antigen ("PSCA") CAR T technology to be used in the treatment of prostate cancer, pancreatic cancer and other solid tumors. Pursuant to this agreement, the Company paid an upfront fee of $0.3 million and pays an annual maintenance fee of $50,000. Additional payments are due for the achievement of ten development milestones totaling $14.9 million, and royalty payments in the mid-single digits are due on net sales of licensed products.

For the year ended December 31, 2021, the Company expensed a non-refundable milestone payment of $0.3 million for the twelfth patient treated in the Phase 1 clinical study of MB-105 at COH. There were no such expenses for the year ended December 31, 2022.

*HER2 License (MB-103)*

On May 31, 2017, the Company entered into an exclusive license agreement with the COH for the use of human epidermal growth factor receptor 2 ("HER2") CAR T technology, which will initially be applied in the treatment of glioblastoma multiforme. Pursuant to this agreement, the Company paid an upfront fee of $0.6 million and pays an annual maintenance fee of $50,000 (which began in 2019). Additional payments are due for the achievement of ten development milestones totaling $14.9 million, and royalty payments in the mid-single digits are due on net sales of licensed products.

For the year ended, December 31, 2022, the Company expensed a non-refundable milestone payment of $0.2 million in connection with the first patent within the Patent Rights issued. There were no such expenses for the year ended December 31, 2021.

***CSL Behring (Calimmune) License***

On August 23, 2019, the Company entered into a non-exclusive license agreement with CSL Behring (Calimmune, Inc.) ("Calimmune License") for the rights to the Cytegrity™ stable producer cell line for the production of viral vector for our lentiviral gene therapy program for the treatment of XSCID (MB-107 and MB-207). We previously licensed the XSCID gene therapy program from St. Jude Children's Research Hospital, Inc. ("St. Jude") in August 2018. Pursuant to the terms of the Calimmune License, the Company paid an upfront fee of $0.2 million. CSL Behring is eligible to receive additional payments totaling $1.2 million upon the achievement of three development and commercialization milestones. Royalty payments in the low-single digits are due on net sales of licensed products.

For the year ended December 31, 2022 and 2021, the Company expensed a non-refundable milestone payments of $40,000 and $30,000, respectively, in connection with the Calimmune license.

***LUMC License (MB-110)***

On September 8, 2021, the Company entered into an exclusive, worldwide licensing agreement with LUMC for the use of a gene therapy under development for the treatment of severe immunodeficiency caused by RAG1 deficiency (the "LUMC License"). Pursuant to the LUMC License, the Company expensed an upfront fee of $0.4 million. Additional payments are due for the achievement of certain development milestones totaling up to $31 million and royalty payments in the low to mid-single digits as a percentage of revenue are due on net sales of licensed products.

For the year ended December 31, 2021, the Company expensed an upfront payment of $0.4 million in connection with the LUMC License. There were no such expenses for the year ended December 31, 2022.

***Mayo Clinic - CAR T Technology License***

On April 1, 2021, the Company entered into an exclusive license agreement with Mayo Clinic for a novel technology that may be able to transform the administration of CAR T therapies and has the potential to be used as an off-the shelf therapy. Pursuant to this agreement, the Company paid an upfront fee of $0.8 million and will pay an annual maintenance fee of $25,000. Additional payments are due for each of two licensed products for the achievement of eleven development and

commercial milestones totaling up to $92.6 million per product, and royalty payments in the mid-single digits as a percentage of revenue are due on net sales of licensed products.

For the year ended December 31, 2021, the Company expensed an upfront payment of $0.8 million pursuant to the terms of the license agreement. There were no such expenses for the year ended December 31, 2022.

**Research and Development Expenses - Sponsored Research and Clinical Trial Agreements**

For the year ended December 31, 2022 and 2021, the Company recorded the following expense in research and development for sponsored research and clinical trial agreements:

| | For the year ended December 31, | |
|---|---|---|
| ***($ in thousands)*** | **2022** | **2021** |
| City of Hope National Medical Center | $ — | $ — |
| CD123 | 166 | 301 |
| IL13Rα2 | 1,486 | 1,169 |
| CS1 | 482 | 608 |
| HER2 | 784 | 697 |
| PSCA | 103 | 107 |
| Fred Hutchinson Cancer Center - CD20 | 1,987 | 1,979 |
| St. Jude Children's Research Hospital - XSCID | 508 | 865 |
| LUMC - RAG1 SCID | 505 | 170 |
| Mayo Clinic | 968 | 695 |
| Total | $ 6,989 | $ 6,591 |

***City of Hope***

*CD123 (MB-102) Clinical Research Support Agreement*

In February 2017, the Company entered into a Clinical Research Support Agreement for CD123 (the "CD123 CRA"). Pursuant to the terms of the CD123 CRA the Company made an upfront payment of $19,450 and will contribute an additional $0.1 million per patient in connection with the on-going investigator-initiated study. Further, the Company agreed to fund approximately $0.2 million over three years pertaining to the clinical development of CD123. For the years ended December 31, 2022 and 2021, the Company recorded $0.2 million and $0.3 million, respectively, in research and development expenses in the Statements of Operations pursuant to the terms of this agreement.

*IL13Rα2 (MB-101) Clinical Research Support Agreements*

In February 2017, the Company entered into a Clinical Research Support Agreement for IL13Rα2 (the "IL13Rα2 CRA"). Pursuant to the terms of the IL13Rα2 CRA the Company made an upfront payment of approximately $9,300 and will contribute an additional $0.1 million related to patient costs in connection with the on-going investigator-initiated study. Further, the Company agreed to fund approximately $0.2 million over three years pertaining to the clinical development of IL13Rα2. For the years ended December 31, 2022 and 2021, the Company recorded $1.5 million and $1.2 million, respectively, in research and development expenses under the IL13Rα2 CRA in the Statements of Operations pursuant to the terms of this agreement.

In October 2020, the Company entered into a Clinical Research Support Agreement for the IL13Rα2-directed CAR T program for adult patients with leptomeningeal glioblastoma, ependymoma or medulloblastoma (the "IL13Rα2 Leptomeningeal CRA"). Pursuant to the terms of the IL13Rα2 Leptomeningeal CRA, the Company made an upfront payment of approximately $29,000 and will contribute an additional $0.1 million per patient in connection with the on-going investigator-initiated study. Further, the Company agreed to fund approximately $0.2 million annually pertaining to the clinical development of the IL13Rα2-directed CAR T therapy.

In October 2020, the Company entered into a Sponsored Research Agreement ("SRA") with COH to conduct combination studies of a potential IL13Rα2 CAR and C134 oncolytic virus therapy. Pursuant to the SRA, the Company funded research in the amount of $0.3 million for the program. In November 2022, the SRA was amended to include additional funding of $0.6 million.

In March 2021, the Company entered into a clinical research support agreement for an Institutional Review Board-approved, investigator-initiated protocol entitled: "Single Patient Treatment with Intraventricular Infusions of IL13Rα2-targeting and HER2-targeting CAR T cells for a Single Patient (UPN 181) with Recurrent Multifocal Malignant Glioma." Pursuant to the terms of this agreement, the Company will contribute up to $0.2 million in connection with the ongoing investigator-initiated study.

*CS1 (MB-104) Clinical Research Support Agreement*

In June 2020, the Company entered into a clinical research support agreement with COH in connection with an Investigator-sponsored study conducted under an Institutional Review Board-approved, investigator-initiated protocol entitled: "Phase I Study to Evaluate Cellular Immunotherapy Using Memory-Enriched T Cells Lentivirally Transduced to Express a CS1-Targeting, Hinge-Optimized, 41BB-Costimulatory Chimeric Antigen Receptor and a Truncated EGFR Following Lymphodepleting Chemotherapy in Adult Patients with CS1+ Multiple Myeloma." The CAR T being studied under this protocol has been designated as MB-104. Under the terms of the agreement the Company will reimburse COH for costs associated with this trial not to exceed $2.4 million. The agreement will expire upon the delivery of a final study report or earlier. For the years ended December 31, 2022 and 2021, the Company recorded $0.5 million and $0.6 million, respectively, in research and development expenses in the Statements of Operations pursuant to the terms of this agreement. Since inception, the Company has reimbursed COH $1.8 million.

*HER2 (MB-103) Clinical Research Support Agreement*

In September 2020, the Company entered into a clinical research support agreement with COH in connection with an Investigator-sponsored study conducted under an Institutional Review Board-approved, investigator-initiated protocol entitled: "Phase I Study of Cellular Immunotherapy using Memory-Enriched T Cells Lentivirally Transduced to Express a HER2-Specific, Hinge-Optimized, 41BB-Costimulatory Chimeric Receptor and a Truncated CD19 for Patients with Recurrent/Refractory Malignant Glioma." The CAR T being studied under this protocol has been designated as MB-103. Under the terms of the agreement the Company will pay COH $29,375 upon execution and will reimburse COH for costs associated with this trial not to exceed $3.0 million. The agreement will expire upon the delivery of a final study report or earlier. For the year ended December 31, 2022 and 2021, the Company recorded $0.8 million and $0.7 million, respectively, in research and development expenses in the Statements of Operations pursuant to the terms of this agreement. Since inception, the Company has reimbursed $3.0 million.

*PSCA (MB-105) Clinical Research Support Agreement*

In October 2020, the Company entered into a clinical research support agreement with COH in connection with an Investigator-sponsored study conducted under an Institutional Review Board-approved, investigator-initiated protocol entitled: "A Phase 1b study to evaluate PSCA-specific chimeric antigen receptor (CAR)-T cells for patients with metastatic castration resistant prostate cancer." The CAR T being studied under this protocol has been designated as MB-105. Under the terms of the agreement the Company will pay COH $33,000 upon execution and will reimburse COH for costs associated with this trial not to exceed $2.3 million. The agreement will expire upon the delivery of a final study report or earlier. For the years ended December 31, 2022 and 2021, the Company recorded $0.1 million and $0.1 million, respectively, in research and development expenses in the Statements of Operations pursuant to the terms of this agreement. Since inception, the Company has reimbursed $0.4 million.

***Fred Hutch***

*CD20 Clinical Trial Agreement*

On July 3, 2017, in conjunction with the CD20 Technology License from Fred Hutch, we entered into an investigator-initiated clinical trial agreement ("CD20 CTA") to provide partial funding for a Phase 1/2 clinical trial at Fred Hutch

evaluating the safety and efficacy of the CD20 Technology in patients with relapsed or refractory B-cell non-Hodgkin lymphomas. In connection with the CD20 CTA, the Company agreed to fund up to $5.3 million of costs associated with the clinical trial, which commenced during the fourth quarter of 2017. In November 2020, the CD20 CTA was amended to include additional funding of approximately $ 1.8 million for the treatment of five patients with chronic lymphocytic leukemia and other research costs. In January 2022, the CD20 CTA was amended to include additional funding of $2.2 million increasing the total payment obligation of the Company in connection with the CD20 CTA not to exceed $9.3 million.

For the years ended December 31, 2022 and 2021, the Company recorded $2.0 million and $2.0 million, respectively, in research and development expenses in the Statements of Operations pursuant to the terms of this agreement. Since inception, the Company has reimbursed Fred Hutch $7.2 million.

***XSCID (MB-107) Data Transfer Agreement with St. Jude***

In June 2020, the Company entered into a Data Transfer Agreement with St. Jude under which we will reimburse St. Jude for costs associated with St. Jude's clinical trial for the treatment of infants with XSCID. Pursuant to the terms of this agreement the Company paid an upfront fee of $1.1 million in July 2020, and will continue to reimburse St. Jude for costs incurred in connection with this clinical trial. For the years ended December 31, 2022 and 2021, the Company recorded $0.5 million and $0.9 million, respectively, in research and development expenses in the Statements of Operations pursuant to the terms of this agreement. Since inception, the Company has reimbursed St. Jude $3.0 million.

***RAG1-SCID (MB-110) Sponsored Research Support Agreement with LUMC***

On September 8, 2021, in connection with the LUMC License, the Company entered into an SRA with LUMC under which the Company will fund research in the amount of approximately $0.5 million annually over a period of 5 years. The research performed pursuant to this agreement will support technology the Company has licensed from LUMC for the use of a gene therapy under development for the treatment of severe immunodeficiency caused by RAG1. For the year ended December 31, 2022 and 2021, the Company recorded $0.5 million and $0.2 million, respectively, in research and development expenses in the Statements of Operations pursuant to the terms of this agreement.

***Sponsored Research Support Agreement with Mayo Clinic***

In June 2021, the Company entered into an SRA with Mayo Clinic under which the Company will fund research in the amount of $2.1 million over a period of two years. The research performed pursuant to this agreement will support technology the Company has licensed from Mayo Clinic for a novel technology that may be able to transform the administration of CAR T therapies and has the potential to be used as an off-the-shelf therapy. In October 2022, the SRA was amended to include additional funding of approximately $0.1 million. For the year ended December 31, 2022 and 2021, the Company recorded $1.0 million and $0.7 million, respectively, in research and development expenses in the Statements of Operations pursuant to the terms of this agreement.

**Note 4 - Related Party Agreements**

***Founders Agreement and Management Services Agreement with Fortress***

Effective March 13, 2015, the Company entered a Founders Agreement with Fortress, which was amended and restated on May 17, 2016, and again on July 26, 2016 (the "Mustang Founders Agreement"). The Mustang Founders Agreement provides that, in exchange for the time and capital expended in the formation of Mustang and the identification of specific assets the acquisition of which result in the formation of a viable emerging growth life science company, Fortress loaned $2.0 million, representing the up-front fee required to acquire the Company's license agreement with COH. The Mustang Founders Agreement has a term of 15 years, which upon expiration automatically renews for successive one-year periods unless terminated by Fortress and the Company or a Change in Control (as defined in the Mustang Founders Agreement) occurs. Concurrently with the second amendment on July 26, 2016, to the Mustang Founders Agreement, Fortress entered into an Exchange Agreement whereby Fortress exchanged its 7.25 million Class B Common shares for 7.0 million common shares and 250,000 Class A Preferred shares. Class A Preferred Stock is identical to common stock other than as to voting

rights, conversion rights and the PIK Dividend right (as described below). Each share of Class A Preferred Stock is entitled to vote the number of votes that is equal to one and one-tenth (1.1) times a fraction, the numerator of which is the sum of (A) the shares of outstanding Mustang common stock and (B) the whole shares of Mustang common stock into which the shares of outstanding Class A Common Stock and Class A Preferred Stock are convertible and the denominator of which is the number of shares of outstanding Class A Preferred Stock. Thus, the Class A Preferred Stock will at all times constitute a voting majority. Each share of Class A Preferred Stock is convertible, at Fortress' option, into one fully paid and nonassessable share of Mustang common stock, subject to certain adjustments. As holders of Class A Preferred Stock, Fortress will receive on each January 1 (each a "PIK Dividend Payment Date") until the date all outstanding Class A Preferred Stock is converted into common stock, pro rata per share dividends paid in additional fully paid and nonassessable shares of common stock ("PIK Dividends") such that the aggregate number of shares of common stock issued pursuant to such PIK Dividend is equal to two and one-half percent (2.5%) of Mustang's fully-diluted outstanding capitalization on the date that is one (1) business day prior to any PIK Dividend Payment Date.

As additional consideration under the Mustang Founders Agreement, Mustang will also: (i) pay an equity fee in shares of common stock, payable within five (5) business days of the closing of any equity or debt financing for Mustang that occurs after the effective date of the Mustang Founders Agreement and ending on the date when Fortress no longer has majority voting control in the Company's voting equity, equal to two and one-half (2.5%) of the gross amount of any such equity or debt financing; and (ii) pay a cash fee equal to four and one-half percent (4.5%) of the Company's annual net sales, payable on an annual basis, withinninety (90) days of the end of each calendar year. In the event of a Change in Control, the Company will pay a one-time change in control fee equal to five (5x) times the product of (A) net sales for the twelve (12) months immediately preceding the change in control and (B) four and one-half percent (4.5%) (see Note 9).

Effective as of March 13, 2015, the Company entered into a Management Services Agreement (the "MSA") with Fortress, pursuant to which Fortress renders advisory and consulting services to the Company. The MSA has an initial term of five years and is automatically renewed for successive five-year terms unless terminated in accordance with its provisions. Services provided under the MSA may include, without limitation, (i) advice and assistance concerning any and all aspects of the Company's operations, clinical trials, financial planning and strategic transactions and financings and (ii) conducting relations on behalf of the Company with accountants, attorneys, financial advisors and other professionals (collectively, the "Services"). The Company is obligated to utilize clinical research services, medical education, communication and marketing services and investor relations/public relation services of companies or individuals designated by Fortress, provided those services are offered at market prices. However, the Company is not obligated to take or act upon any advice rendered from Fortress and Fortress shall not be liable for any of its actions or inactions based upon their advice. Pursuant to the MSA and the Company's Certificate of Incorporation, Fortress and its affiliates, including all members of the Company's Board of Directors, will have no fiduciary or other duty to communicate or present any corporate opportunities to the Company or to refrain from engaging in business that is similar to that of the Company. In consideration for the Services, the Company will pay Fortress an annual consulting fee of $0.5 million (the "Annual Consulting Fee"), payable in advance in equal quarterly installments on the first business day of each calendar quarter in each year, provided, however, that such Annual Consulting Fee shall be increased to $ 1.0 million for each calendar year in which the Company has net assets in excess of $100 million at the beginning of the calendar year. The Company records fifty percent of the Annual Consulting Fee in research and development expense and fifty percent in general and administrative expense in the Statement of Operations. For the years ended December 31, 2022 and 2021, the Company recorded expense of $1.0 million and $0.5 million, respectively, related to this agreement.

For the year ended December 31, 2022, the Company issued196,952 shares of common stock and recorded zero shares issuable to Fortress, which equaled 2.5% of the gross proceeds of $6.6 million from the sale of shares of common stock under Mustang's At-the-Market Offering. The Company recorded an expense of approximately $0.2 million in general and administrative expenses related to these shares for the year ended December 31, 2022.

For the year ended December 31, 2021, the Company issued576,157 shares of common stock and recorded 51,295 shares issuable to Fortress, which equaled 2.5% of the gross proceeds of $71.9 million from the sale of shares of common stock under Mustang's At-the-Market Offering. The Company recorded an expense of approximately $1.9 million in general and administrative expenses related to these shares for the year ended December 31, 2021.

***Payables and Accrued Expenses Related Party***

In the normal course of business Fortress pays for certain expenses on behalf of the Company. Such expenses are recorded as Payables and accrued expenses - related party and are reimbursed to Fortress in the normal course of business.

***Director Compensation***

***Dr. Rosenwald***

Pursuant to the terms of the Director Compensation Plan, Dr. Rosenwald will receive a cash fee of $50,000 per year paid quarterly and an annual stock award of the greater of (i) a number of shares of common stock having a fair market value on the grant date of $50,000 or (ii) 10,000 shares of common stock, which shares shall vest and become non-forfeitable on the third anniversary of the grant date, subject to continued service on the Board on such date.

For the year ended December 31, 2022, the Company recognized $100,000 in expense in its Statements of Operations related to the director compensation, including approximately $50,000 in expense related to equity incentive grants. For the year ended December 31, 2021, the Company recognized $106,000 in expense in its Statements of Operations related to the director compensation, including approximately $56,000 in expense related to equity incentive grants. The Company issued Dr. Rosenwald 71,664 and 13,774 restricted stock awards for the years ended December 31, 2022 and 2021, respectively.

***Mr. Weiss - Advisory Agreement with Caribe BioAdvisors, LLC***

The Board of the Company by unanimous written consent approved and authorized the execution of an advisory agreement dated January 1, 2017 (the "Advisory Agreement"), with Caribe BioAdvisors, LLC (the "Advisor"), owned by Michael S. Weiss, the Chairman of the Board, to provide the board advisory services of Mr. Weiss as Chairman of the Board. Pursuant to the Advisory Agreement, the Advisor will be paid an annual cash fee of $60,000, paid quarterly and an annual stock award of the greater of (i) a number of shares of common stock having a fair market value on the grant date of $50,000 or (ii) 10,000 shares of common stock, which shares shall vest and become non-forfeitable on the third anniversary of the grant date, subject to continued service on the Board on such date.

For the year ended December 31, 2022, the Company recognized $110,000 in expense in its Statements of Operations related to the advisory agreement, including approximately $50,000 in expense related to equity incentive grants. For the year ended December 31, 2021, the Company recognized $116,000 in expense in its Statements of Operations related to the advisory agreement, including approximately $56,000 in expense related to equity incentive grants. The Company issued Mr. Weiss 71,664 and 13,774 restricted stock awards for the years ended December 31, 2022 and 2021, respectively.

**Note 5 - Property and Equipment**

Mustang's property and equipment consisted of the following:

| *($ in thousands)* | Estimated Useful Life (in years) | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Computer equipment | 3 | $ 145 | $ 145 |
| Furniture and fixtures | 5 | 370 | 370 |
| Machinery and equipment | 5 | 8,632 | 6,550 |
| Leasehold improvements | 9 | 7,694 | 7,694 |
| Construction in process | N/A | 951 | 2,027 |
| Total property, plant and equipment | | 17,792 | 16,786 |
| Less: accumulated depreciation | | (8,401) | (5,734) |
| Property, plant and equipment, net | | $ 9,391 | $ 11,052 |

Mustang's depreciation expense for the years ended December 2022 and 2021 was approximately $2.7 million and $2.2 million, respectively, and was recorded in research and development expense in the Statements of Operations.

**Note 6 - Accounts Payable and Accrued Expenses**

At December 31, 2022 and 2021, accounts payable and accrued expenses consisted of the following:

| *($ in thousands)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Accounts payable | $ 6,833 | $ 3,512 |
| Research and development | 2,782 | 3,083 |
| Accrued compensation | 3,468 | 2,595 |
| Other | 648 | 554 |
| Total accounts payable and accrued expenses | $ 13,731 | $ 9,744 |

**Note 7 - Commitments and Contingencies**

***Leases***

On June 14, 2022, the Company entered into a sublease agreement with The Paul Revere Life Insurance Company. Pursuant to the terms of the sublease lease agreement, the Company agreed to lease 26,503 square feet, located at 1 Mercantile Street, Worcester, MA (the "Mercantile Street Facility"), through January 2030. The Company recorded a right of use asset and related operating lease liability of $2.2 million on the Balance Sheet at the lease inception.

On October 27, 2017, the Company entered into a lease agreement with WCS - 377 Plantation Street, Inc., a Massachusetts nonprofit corporation. Pursuant to the terms of the lease agreement, the Company agreed to lease 27,043 square feet from the landlord, located at 377 Plantation Street in Worcester, MA (the "Plantation Street Facility"), through November 2026, subject to additional extensions at the Company's option. Base rent, net of abatements of $0.6 million over the lease term, totals approximately $3.6 million, on a triple-net basis.

The terms of the lease also require that the Company post an initial security deposit of $0.8 million, in the form of $0.5 million letter of credit and $0.3 million in cash, which increased to $1.3 million ($1.0 million letter of credit, $0.3 million in cash) on November 1, 2019. After the fifth lease year, the letter of credit obligation is subject to reduction.

The Plantation Street Facility began operations for the production of personalized CAR T and gene therapies in 2018.

The Company leases office space and copiers under agreements classified as operating leases that expire on various dates through 2030. The Company's lease liabilities result from the lease of its facilities in Massachusetts, which expire in 2030 and 2026, for the Mercantile Street Facility and Plantation Street Facility, respectively, and its copiers, which expire in 2024. Such leases do not require any contingent rental payments, impose any financial restrictions, or contain any residual value guarantees. Certain of the Company's leases include renewal options and escalation clauses; renewal options have not been included in the calculation of the lease liabilities and right of use assets as the Company is not reasonably certain to exercise the options. The Company does not act as a lessor or have any leases classified as financing leases. At December 31, 2022, the Company had operating lease liabilities of $3.9 million and right of use assets of $2.9 million, which were included in the Balance Sheet. At December 31, 2021, the Company had operating lease liabilities of $2.0 million and right of use assets of $1.1 million, which were included in the Balance Sheet.

The following summarizes quantitative information about the Company's operating leases:

| *($ in thousands)* | For the Year Ended December 31, 2022 | For the Year Ended December 31, 2021 |
|---|---|---|
| Lease cost | | |
| Operating lease cost | $ 565 | $ 315 |
| Variable lease cost | 488 | 599 |
| Total | $ 1,053 | $ 914 |

| *($ in thousands)* | For the Year Ended December 31, 2022 | For the Year Ended December 31, 2021 |
|---|---|---|
| Operating cash flows from operating leases | $ 485 | $ 484 |
| Weighted-average remaining lease term – operating leases | 5.9 | 4.8 |
| Weighted-average discount rate – operating leases | 9.1 % | 9.0 % |

Maturities of our operating leases, excluding short-term leases, are as follows:

| *($ in thousands)* | |
|---|---|
| Year ended December 31, 2023 | $ 529 |
| Year ended December 31, 2024 | 614 |
| Year ended December 31, 2025 | 1,139 |
| Year ended December 31, 2026 | 1,076 |
| Year ended December 31, 2027 | 650 |
| Thereafter | 1,381 |
| Total | 5,389 |
| Less present value discount | (1,443) |
| Operating lease liabilities | $ 3,946 |

**Note 8 – Notes Payable**

On March 4, 2022 (the "Closing Date"), the Company entered into a $75.0 million long-term debt facility with Runway Growth Finance Corp. (the "Term Loan"). Under the Term Loan, $ 30.0 million of the $75.0 million loan was funded on the Closing Date, with the remaining $45.0 million fundable if the Company achieves certain predetermined milestones.

The Term Loan matures on April 15, 2027 (the "Maturity Date"). As of March 15, 2022, the Company began making monthly payments of interest only until April 1, 2024 (the "Amortization Date"). The Amortization Date may be extended to April 1, 2025, if the Company achieves certain predetermined milestones based on equity raises and the initiation of certain clinical trials. After that, the Company will make monthly payments of interest and principal. If the Amortization Date is extended to April 1, 2025, the monthly payments will be recalculated in equal amounts according to the remaining number of payment dates through the Maturity Date. All unpaid outstanding principal and accrued and unpaid interest will be due and payable in full on the Maturity Date.

The Term Loan accrues interest at a variable annual rate equal to 8.75% plus the greater of (i) 0.50% and (ii) the three month LIBOR Rate for U.S. dollar deposits or the rate otherwise reasonably determined by the Lender to be the rate at which U.S. dollar deposits with a term of three months would be offered by banks in London, England to major banks in the London or other offshore interbank market (the "Applicable Rate"); provided that the Applicable Rate will not be less than 9.25%. The Applicable Rate at December 31, 2022 was 13.40%. On December 7, 2022, the Company entered into the First Amendment (the "First Amendment") to the Loan Agreement by and between the Company and Runway. The First Amendment amended certain definitions and other provisions of the Loan Agreement to replace LIBOR-based benchmark rates applicable to loans outstanding under the Loan Agreement with SOFR-based rates, subject to adjustments as specified in the First Amendment. For the year ended December 31, 2022, the Company made interest payments of

$2.7 million, recorded in interest expense in the Statements of Operations. The Company hadno interest expense related to debt in 2021.

Pursuant to the terms of the Term Loan on the Closing Date the Company paid the Lender upfront fees out of proceeds of $0.4 million consisting of a 1% commitment fee and a deposit of $75,000. In addition, the Company paid other cash fees directly to third parties comprising of an advisory fee and legal fees totaling $2.3 million.

Also, in connection with the Term Loan, on March 4, 2022, the Company issued a warrant to the Lender to purchase748,036 shares of the Company's common stock with an exercise price of $0.8021 (the "Warrant") via a warrant agreement (the "Warrant Agreement"). The Warrant is exercisable for ten years from the date of issuance. The Lender may exercise the Warrant with cash or through a net issuance conversion. The shares of the Company's common stock will be registered at the Company's first opportunity after the date of the exercise of the Warrant. In addition, the provisions of the Warrant Agreement provide for additional warrants to be issued upon funding of the term loan tranches. The fair value of the warrant at the grant date was determined utilizing a Black Scholes Model with the following assumptions: risk free rate of return 1.74%, volatility of 57.3%, 10-year life yielding a value of approximately $0.4 million as of March 4, 2022. The fair value of the warrant was also recorded in debt discount and will be amortized over the life of the Term Loan.

| *($ in thousands)* | December 31, 2022 | December 31, 2021 | Applicable Rate | Maturity |
|---|---|---|---|---|
| Note payable | $ 31,050 | $ — | 13.40 % | April - 2027 |
| Discount on note payable | (3,614) | — | | |
| Long-term note payable | $ 27,436 | $ — | | |

Amortization of the debt discount associated with the Term Loan was approximately $0.5 million for the year ended December 31, 2022, respectively, and was recorded in interest expense in the Statements of Operations. The Company had no expense related to debt discount amortization in 2021.

The Company has the option to prepay all of the outstanding Term Loan but not less. Prepayment would include outstanding principal, accrued interest, prepayment fee and final payment which is equal to the original principal amount of the Term Loan times 3.5% or $1.1 million and is accreted over the life of the Term Loan.

In addition, the Term Loan is secured by a lien on substantially all of our assets other than certain intellectual property assets and certain other excluded collateral, and it contains a minimum liquidity covenant and other covenants that include among other items: (i) limits on indebtedness, repurchase of stock from employees, officers and directors. The Company was in compliance with all applicable covenants as of December 31, 2022.

The Term Loan contains customary events of default, in certain circumstances subject to customary cure periods. Following an event of default and any cure period, if applicable, Runway will have the right upon notice to accelerate all amounts outstanding under the Term Loan, in addition to other remedies available to the lenders as secured creditors of the Company.

**Note 9 - Stockholders' Equity**

***Common Stock***

The Company, in accordance with its certificate of incorporation, as amended in November 2020 and June 2021, which was retroactively applied, and July 2022, is authorized to issue (i) 200,000,000 common shares with a par value of $0.0001 per share, of which 1,000,000 shares are designated as Class A Common Stock and the remainder are undesignated Common Stock, and (ii) 2,000,000 shares of Preferred Stock, 250,000 of which are designated as Class A Preferred Stock and the remainder are undesignated Preferred Stock (see below Stock Issuances to Fortress and Note 4).

In connection with the Company's formation, Fortress subscribed for 7,000,000 shares of the Class B Common Stock and 2,000,000 shares of the Company's Common Stock, pursuant to the Founders Agreement. Fortress paid the par value of $900 in 2016. The fair value of the Company's common shares approximated par value as no licenses had been transferred at that time. Dividends, if and when declared, are to be distributed pro-rata to the Class A, B and Common Stockholders.

The holders of Common Stock are entitled to one vote per share of Common Stock held. The holders of Class A Common Stock are entitled to the number of votes equal to the number of whole shares of Common Stock into which the shares of Class A Common Stock held by such holder are convertible and for a period of ten years from its issuance, the holders of the Class A Common Stock have the right to appoint one member of the board of directors of Mustang; to date, the holders of Class A Common Stock have not yet appointed such director.

The Class B Common Stockholders are entitled, for each share of Class B Common Stock held, to a number of votes equal to 1.1 times a fraction, the numerator of which is the sum of (A) the shares of outstanding Common Stock and (B) the whole shares of Common Stock into which the shares of outstanding Class A Common Stock and the Class B Common Stock are convertible and the denominator of which is the number of shares of outstanding Class B common shares. There was no Class B Common Stock outstanding as of December 31, 2022.

On November 11, 2020, the Company's Board adopted resolutions of the Board to ratify, approve and recommend stockholder approval of an amendment to the Company's Amended and Restated Certificate of Incorporation, as amended, to revise Article IV, Section A thereof in order to effect an increase in the authorized number of shares of the Company's common stock, par value $0.0001, from 85,000,000 to 125,000,000 (the "Amendment"). On November 11, 2020, the Company received approval of the Amendment by written consent in lieu of a meeting from the holders of a majority of issued and outstanding shares of the Company's common and preferred stock. The increase in authorized shares to 125,000,000 became effective on December 4, 2020.

On June 17, 2021, the stockholders of the Company voted at the 2021 Annual Meeting to approve an amendment to Mustang's Amended and Restated Certificate of Incorporation to increase the number of shares of common stock authorized for issuance by 25,000,000 shares, bringing the total number of authorized shares of common stock to 150,000,000 shares. The increase in authorized shares to 150,000,000 became effective on June 17, 2021.

On June 21, 2022, the stockholders of the Company voted at the 2022 Annual Meeting to approve an amendment to Mustang's Amended and Restated Certificate of Incorporation to increase the number of shares of common stock authorized for issuance by 50,000,000 shares, bringing the total number of authorized shares of common stock to 200,000,000 shares.

***At-the-Market Offering of Common Stock***

In July 2018, the Company entered into an At-the-Market Issuance Sales Agreement (the "Mustang ATM") with B. Riley Securities, Inc. (formerly B. Riley FBR, Inc.), Cantor Fitzgerald & Co., National Securities Corporation, (now B. Riley FBR, Inc.), and Oppenheimer & Co. Inc. (each an "Agent" and collectively, the "Agents"), relating to the sale of shares of common stock pursuant to the 2020 S-3. Under the Mustang ATM, the Company pays the Agents a commission rate of up to 3.0% of the gross proceeds from the sale of any shares of common stock. On December 31, 2020, the Mustang ATM was amended to add H.C. Wainwright & Co., LLC as an Agent.

During the year ended December 31, 2022, the Company issued approximately7.9 million shares of common stock at an average price of $0.84 per share for gross proceeds of $6.6 million under the ATM Agreement. In connection with these sales, the Company paid aggregate fees of approximately $0.1 million for net proceeds of approximately $6.5 million.

During the year ended December 31, 2021, the Company issued approximately19.4 million shares of common stock at an average price of $3.70 per share for gross proceeds of $71.9 million under the ATM Agreement. In connection with these sales, the Company paid aggregate fees of approximately $1.3 million for net proceeds of approximately $70.6 million.

Pursuant to the Founders Agreement, the Company issued 196,952 shares of common stock to Fortress at a weighted average price of $0.84 per share for the year ended December 31, 2022, and recorded zero shares issuable to Fortress in connection with the shares issued under the Mustang ATM. Pursuant to the Founders Agreement, Mustang issued 576,157 shares of common stock to Fortress at a weighted average price of $3.70 per share for the year ended December 31, 2021, in connection with the shares issued under the Mustang ATM.

***Registration Statements***

On October 23, 2020, the Company filed a shelf registration statement No. 333-249657 on Form S-3 (the "2020 S-3"), which was declared effective on December 4, 2020. Under the 2020 S-3, the Company may sell up to a total of $100.0 million of its securities. As of December 31, 2022, approximately $8.0 million of the 2020 S-3 remains available for sales of securities.

On April 23, 2021, the Company filed a shelf registration statement No. 333-255476 on Form S-3 (the "2021 S-3"), which was declared effective on May 24, 2021. Under the 2021 S-3, the Company may sell up to a total of $200.0 million of its securities. As of December 31, 2022, there have been no sales of securities under the 2021 S-3.

***Stock Issuances to Fortress***

Under the terms of the Second Amended and Restated Founders Agreement, which became effective July 22, 2016, Fortress will receive a grant of shares of our common stock equal to two and one-half percent (2.5%) of the gross amount of any equity or debt financing.

For the year ended December 31, 2022, the Company issued196,952 shares of common stock, which equaled 2.5% of the gross proceeds of $6.6 million from the sale of shares of common stock under Mustang's At-the-Market Offering.

For the year ended December 31, 2021, the Company issued576,157 shares of common stock and recorded 51,295 shares issuable to Fortress, which equaled 2.5% of the gross proceeds of $71.9 million from the sale of shares of common stock under Mustang's At-the-Market Offering.

***Equity Incentive Plan***

The Company has in effect the 2016 Incentive Plan (the "Incentive Plan"). The Incentive Plan was adopted in 2016 by our stockholders and the compensation committee of the Company's board of directors and is authorized to grant stock-based awards to directors, officers, employees and consultants. The plan initially authorized grants to issue up to 2,000,000 shares of authorized but unissued common stock and expires 10 years from adoption and limits the term of each option to no more than10 years from the date of grant.

In June 2018, the Company's stockholders approved an amendment to the Incentive Plan to increase the number of authorized shares issuable by 3,000,000 shares, for a total of 5,000,000 shares. In June 2021, the Company's stockholders approved an amendment to the Incentive Plan to increase the number of authorized shares issuable by 3,000,000 shares, for a total of 8,000,000 shares. In June 2022, the Company's stockholders approved an amendment to the Incentive Plan to increase the number of authorized shares issuable by 3,000,000 shares, for a total of 11,000,000 shares As of December 31, 2022,4,462,870 shares are available for issuance of stock-based awards under the Incentive Plan.

***Stock Options***

The following table summarizes stock option activities for the year ended December 31, 2022 and 2021:

| | Stock Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life (in years) |
|---|---|---|---|
| Outstanding at December 31, 2020 | 1,141,675 | $ 5.73 | 6.31 |
| Outstanding at December 31, 2021 | 1,141,675 | $ 5.73 | 5.31 |
| Outstanding at December 31, 2022 | 1,141,675 | 5.73 | 4.31 |
| Options vested and exercisable at December 31, 2022 | 713,547 | $ 5.73 | 4.31 |

As of December 31, 2022, the Company hadno unrecognized stock-based compensation expense related to options. The Company accounts for forfeited awards as they occur as permitted.

***Restricted Stock Awards***

Certain employees and directors have been awarded restricted stock. The restricted stock vesting consists of milestone and time-based vesting. The following table summarizes restricted stock award activities for the year ended December 31, 2022 and 2021:

| | Number of Shares | Weighted Average Grant Date Fair Value |
|---|---|---|
| Nonvested at December 31, 2020 | 302,114 | $ 4.93 |
| Granted | 68,870 | 3.63 |
| Vested | (90,001) | 6.69 |
| Nonvested at December 31, 2021 | 280,983 | $ 4.05 |
| Granted | 358,320 | 0.70 |
| Vested | (129,058) | 4.89 |
| Nonvested at December 31, 2022 | 510,245 | $ 1.48 |

As of December 31, 2022, the Company had unrecognized stock-based compensation expense related to restricted stock of $0.4 million, which is expected to be recognized over a weighted average period of approximately 2.3 years.

***Restricted Stock Units***

The following table summarizes restricted stock units' activities for the year ended December 31, 2022 and 2020:

| | Number of Units | Weighted Average Grant Date Fair Value |
|---|---|---|
| Nonvested at December 31, 2020 | 1,468,559 | $ 3.87 |
| Granted | 1,660,250 | 3.07 |
| Forfeited | (372,873) | 3.60 |
| Vested | (420,379) | 4.27 |
| Nonvested at December 31, 2021 | 2,335,557 | $ 3.27 |
| Granted | 1,484,647 | 0.76 |
| Forfeited | (514,999) | 2.53 |
| Vested | (816,518) | 2.98 |
| Nonvested at December 31, 2022 | 2,488,687 | $ 1.84 |

As of December 31, 2022, the Company had unrecognized stock-based compensation expense related to restricted stock units of approximately $2.0 million, which is expected to be recognized over a weighted average period of approximately2.7 years.

The following table summarizes stock-based compensation expense for the years ended December 31, 2022 and 2021 (in thousands).

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| General and administrative | $ 700 | $ 1,030 |
| Research and development | 1,583 | 2,278 |
| Total stock-based compensation expense | $ 2,283 | $ 3,308 |

***Stock Warrants***

In connection with the Company's offering of shares of common stock in a private placement, each investor received a warrant equal to 25% of the common shares purchased in connection with the offering. Further, National Securities Corporation received Placement Agent Warrants. In connection with the Term Loan on March 4, 2022, the Company issued a warrant to the Lender to purchase 748,036 shares of the Company's common stock with an exercise price of $0.8021, see Note 8.

A summary of warrant activities for years ended December 31, 2022 and 2021, is presented below:

| | Warrants | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life (in years) |
|---|---|---|---|
| Outstanding as of December 31, 2020 | 5,402,670 | $ 8.21 | 1.39 |
| Expired | (2,093,878) | 8.50 | — |
| Cashless exercised | (138) | — | — |
| Outstanding as of December 31, 2021 | 3,308,654 | $ 8.02 | 0.73 |
| Expired | (3,003,770) | 8.50 | — |
| Granted | 748,036 | 0.80 | 9.18 |
| Outstanding as of December 31, 2022 | 1,052,920 | $ 1.52 | 8.29 |

Upon the exercise of warrants, the Company will issue new shares of Common Stock.

***Employee Stock Purchase Plan***

In connection with our Employee Stock Purchase Plan ("ESPP"), eligible employees of Mustang and Fortress can purchase the Company's Common Stock at the end of a predetermined offering period at 85% of the lower of the fair market value at the beginning or end of the offering period.

As of December 31, 2022,586,010 shares have been purchased and 413,990 shares are available for future sale under the Company's ESPP.

**Note 10 - Income Taxes**

The Company has accumulated net losses since inception and has not recorded an income tax provision or benefit during the years ended December 31, 2022 and 2021.

A reconciliation of the statutory U.S. federal rate to the Company's effective tax rate is as follows:

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Statutory federal income tax rate | 21 % | 21 % |
| State taxes, net of federal tax benefit | 16 % | 16 % |
| Non-deductible items | (1)% | (1)% |
| Credits | 5 % | 5 % |
| Federal tax rate change | — % | — % |
| State tax rate change | — % | — % |
| Other | 1 % | — % |
| Change in valuation allowance | (42)% | (41)% |
| Income taxes provision (benefit) | — | — |

The components of the net deferred tax asset as of December 31, 2022 and 2021 are the following ($ in thousands):

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Deferred tax assets: | | |
| Net operating loss carryovers | $ 75,011 | $ 66,879 |
| Stock compensation and other | 2,399 | 2,702 |
| Change in fair value of warrant liabilities | 59 | 59 |
| Amortization of license | 13,375 | 13,977 |
| Lease liability | 1,466 | 755 |
| Accruals and reserves | 1,434 | 1,035 |
| Startup costs | 6 | 6 |
| Tax credits | 15,649 | 9,728 |
| 174 Capitalization | 19,787 | — |
| Total deferred tax assets | 129,186 | 95,141 |
| Less: valuation allowance | (128,101) | (94,751) |
| Net deferred tax assets | $ 1,085 | $ 390 |
| | | |
| Deferred tax liabilities: | | |
| Right of use asset | (1,085) | (390) |
| Total deferred tax assets, net | $ — | $ — |

The Company has determined, based upon available evidence, that it is more likely than not that the net deferred tax asset will not be realized and, accordingly, has provided a full valuation allowance against its net deferred tax assets as of December 31, 2022 and 2021. A valuation allowance of approximately $128.1 million and $94.8 million, respectively, was recorded for the years ended December 31, 2022 and 2021.

As of December 31, 2022, the Company had federal and state net operating loss carryforwards of approximately $214.0 million and $463.1 million, respectively. Approximately $190.4 million and $0.2 million of the federal and state net operating loss carryforwards, respectively, can be carried forward indefinitely. As of December 31, 2022, the Company had federal and state income tax credits of approximately $12.5 million and $4.0 million, respectively, which will begin to expire in 2033. Under the provisions of Section 382 of the Internal Revenue Code, a corporation that undergoes an "ownership change", as defined therein, is subject to limitations on its use of pre-change NOLs and income tax credits carryforwards to offset future tax liabilities. Certain tax attributes may be subject to an annual limitation as a result of the Company's January 2017 capital raise, as it appears to constitute an ownership change under Section 382. Additionally, under Section 382, annual use of the Company's net operating loss carryforwards to offset taxable income may be limited based on cumulative changes in ownership. The Company has not completed an analysis to determine whether any such limitations have been triggered as of December 31, 2022. The Company has no income tax effect due to the recognition of a full valuation allowance on all of its deferred tax assets as it believes that it is more likely than not that the deferred tax assets will not be realized regardless of whether an "ownership change" has occurred.

There are no significant items determined to be unrecognized tax benefits taken or expected to be taken in a tax return, in accordance with ASC 740 "Income Taxes" ("ASC 740"), which clarifies the accounting for uncertainty in income taxes recognized in the financial statements, that have been recorded on the Company's financial statements for the periods ended December 31, 2022 and 2021. The Company does not anticipate a material change to unrecognized tax benefits in the next twelve months.

Additionally, ASC 740 provides guidance on the recognition of interest and penalties related to income taxes. There wereno interest or penalties related to income taxes that have been accrued or recognized as of and for the periods ended December 31, 2022 and 2021.

The Company is subject to U.S. federal and various state taxes. As of December 31, 2022, the earliest federal tax year open for the assessment of income taxes under the applicable statutes of limitations is its 2019 tax year.

Beginning with the 2022 tax year, the Company is required to capitalize research and development expenses for tax purposes as defined under Internal Revenue Code Section 174. For expenses that are incurred for research and development in the U.S., the amounts will be amortized over 5 years, and for expenses that are incurred for research and development outside the U.S., the amounts will be amortized over 15 years. As a result of Section 174 capitalization, the Company recognized a deferred tax asset of $19.8 million.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was signed into law on March 27, 2020. The CARES Act, among other things, includes tax provisions relating to refundable payroll tax credits, deferment of employer's social security payments, net operating loss utilization and carryback periods and modifications to the net interest deduction limitations. The CARES Act did not have a material impact on the Company's income tax provision for 2022 and 2021. The Company will continue to evaluate the impact of the CARES Act on its financial position, results of operations and cash flows.

On December 27, 2020, the President of the United States signed the Consolidated Appropriations Act, 2021 ("Consolidated Appropriations Act") into law. The Consolidated Appropriations Act is intended to enhance and expand certain provisions of the CARES Act, allows for the deductions of expenses related to the Payroll Protection Program funds received by companies, and provides an update to meals and entertainment expensing for 2021. The Consolidated Appropriations Act did not have a material impact to the Company's income tax provision for 2022 and 2021.

**Note 11 – Subsequent Events**

Our Board of Directors approved, and our stockholders subsequently approved, a reverse stock split of our Common Stock. On March 15, 2023, the Board of Directors set the reverse stock split ratio at 15-for-1. We have filed a Definitive Information Statement on Schedule 14C in connection with the reverse stock split, and once the applicable waiting periods under SEC and Nasdaq rules have expired we plan to file a Certificate of Amendment to our Amended and Restated Certificate of Incorporation, as amended, in order to give effect to the reverse stock split. The ex-dividend date is expected to be determined in April 2023.

**SIGNATURES**

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

**Mustang Bio, Inc.**

By: /s/ Manuel Litchman
Name: Manuel Litchman
Title: President and Chief Executive Officer
(Duly Authorized Signatory and Principal Executive Officer)

March 29, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K 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 S. Weiss<br>Michael S. Weiss | Executive Chairman of the Board | March 29, 2023 |
| /s/ Manuel Litchman<br>Manuel Litchman, M.D. | President and Chief Executive Officer | March 29, 2023 |
| /s/ Lindsay A. Rosenwald<br>Lindsay A. Rosenwald, M.D. | Director | March 29, 2023 |
| /s/ Neil Herskowitz<br>Neil Herskowitz | Director | March 29, 2023 |
| /s/ Adam Chill<br>Adam Chill | Director | March 29, 2023 |
| /s/ Michael Zelefsky<br>Michael Zelefsky, M.D. | Director | March 29, 2023 |
| /s/ Eliot Lurier<br>Eliot Lurier | Interim Chief Financial Officer<br>(Principal Financial and Accounting Officer) | March 29, 2023 |

# DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

## DESCRIPTION OF CAPITAL STOCK

*When used herein, the terms "Company," "we," "our," and "us" refer to Mustang Bio, Inc.*

***Capital Stock***

The Company is authorized to issue 200,000,000 shares of common stock with a par value of $0.0001 per share, of which 1,000,000 shares are designated as Class A common stock and 2,000,000 of preferred stock at $0.0001 par value of which 250,000 are designated as Class A preferred stock.

The holders of common stock are entitled to one vote per share of common stock held.

The undesignated preferred stock may be issued from time to time in one or more series. The Board of Directors is authorized to determine or alter the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions, if any), the redemption price or prices, the liquidation preferences and other designations, powers, preferences and relative, participating, optional or other special rights, if any, and the qualifications, limitations and restrictions granted to or imposed upon any wholly unissued series of preferred stock, and to fix the number of shares of any series of preferred stock (but not below the number of shares of any such series then outstanding).

***Class A Common Stock***

The holders of Class A common stock are entitled to the number of votes equal to the number of whole shares of common stock into which the shares of Class A common shares held by such holder are convertible. For a period of ten years from issuance, the holders of the Class A common stock have the right to appoint one member of the board of directors of Mustang. To date, the holders of Class A common stock have not yet appointed such director.

***Class A Preferred Stock***

The Class A Preferred Stock is identical to undesignated common stock other than as to voting rights, conversion rights, and the PIK dividend right.

The holders of the outstanding shares of Class A Preferred Stock receive on each January 1 (each a "PIK Dividend Payment Date") after the original issuance date of the Class A Preferred Stock until the date all outstanding Class A Preferred Stock is converted into common stock or redeemed (and the purchase price is paid in full), pro rata per share dividends paid in additional fully paid and non-assessable shares of common stock such that the aggregate number of shares of common stock issued pursuant to such PIK dividend is equal to 2.5% of the Corporation's fully-diluted outstanding capitalization on the date that is one business day prior to any PIK Dividend Payment Date ("PIK Record Date"). In the event the Class A Preferred Stock converts into common stock, the holders shall receive all PIK dividends accrued through the date of such conversion. No dividend or other distribution shall be paid, or declared and set apart for payment (other than dividends payable solely in capital stock on the capital stock) on the shares of common stock until all PIK dividends on the Class A Preferred Stock shall have been paid or declared and set apart for payment. All dividends are non-cumulative.

On any matter presented to the stockholders for their action or consideration at any meeting of stockholders (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Class A Preferred Stock shall be entitled to cast for each share of Class A Preferred Stock held by such holder as of the record date for determining stockholders entitled to vote on such matter, the number of votes that is equal to one and one-tenth (1.1) times a fraction, the numerator of which is the sum of (A) the number of shares of outstanding common stock and (B) the whole shares of common stock in to which the shares of outstanding Class A Common Stock and the Class A Preferred Stock are convertible,

and the denominator of which is number of shares of outstanding Class A Preferred Stock. Thus, the Class A Preferred Stock will at all times constitute a voting majority.

Each share of Class A Preferred Stock is convertible, at the option of the holder, into one fully paid and nonassessable share of common stock, subject to certain adjustments. If the Company, at any time effects a subdivision or combination of the outstanding common stock (by any stock split, stock dividend, recapitalization, reverse stock split or otherwise), the applicable conversion ratio in effect immediately before that subdivision is proportionately decreased or increased, as applicable, so that the number of shares of common stock issuable on conversion of each share of Class A Preferred Stock shall be increased or decreased, as applicable, in proportion to such increase or decrease in the aggregate number of shares of common stock outstanding. Additionally, if any reorganization, recapitalization, reclassification, consolidation or merger involving the Company occurs in which the common stock (but not the Class A Preferred Stock) is converted into or exchanged for securities, cash or other property, then each share of Class A Preferred Stock becomes convertible into the kind and amount of securities, cash or other property which a holder of the number of shares of common stock of the Company issuable upon conversion of one share of the Class A Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction.

***Additional Features***

Other features of our capital stock include:

- *Dividend Rights*. The holders of outstanding shares of our common stock, including Class A common stock, are entitled to receive dividends out of funds legally available at the times and in the amounts that our board of directors may determine. All dividends are non-cumulative.

- *Voting Rights*. The holders of our common stock are entitled to one vote for each share of common stock held on all matters submitted to a vote of the stockholders, including the election of directors. Our certificate of incorporation and bylaws do not provide for cumulative voting rights.

- *No Preemptive or Similar Rights*. The holders of our common stock have no preemptive, conversion, or subscription rights, and there are no redemption or sinking fund provisions applicable to our common stock.

- *Right to Receive Liquidation Distributions*. Upon our liquidation, dissolution, or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock, including Class A common stock, outstanding at that time after payment of other claims of creditors, if any.

- *Fully Paid and Non-Assessable*. All of the outstanding shares of our common stock, including Class A common stock, and the Class A Preferred Stock are duly issued, fully paid and non-assessable.

# SUBLEASE

This sublease (this "Sublease") is made as of June 14, 2022 (the "Effective Date"), by and between THE PAUL REVERE LIFE INSURANCE COMPANY, a Massachusetts corporation (the "Sublessor"), having a notice address of c/o Unum Group, 1 Fountain Square, Suite 120, Chattanooga, Tennessee 37402, Attn: Corporate Real Estate Department, and MUSTANG BIO, INC., a Delaware corporation (the "Sublessee"), having a notice address of 377 Plantation Street, Worcester, Massachusetts 01605.

RECITALS:

WHEREAS, Sublessor is the Tenant under that certain Lease dated June 17, 2010, by and between CitySquare II Development Co. LLC ("CitySquare II") and Sublessor, as affected by that certain Assignment and Assumption of Lease dated October 4, 2010 by and between CitySquare II and One Mercantile Place LLC ("One Mercantile"), as amended by that certain Letter Agreement by and between One Mercantile and Sublessor dated November 11, 2011, as further amended by that certain Second Amendment to Lease dated as of July 5, 2012, by and between One Mercantile and Sublessor, as further amended by that certain Third Amendment to Lease dated as of December 19, 2012, by and between One Mercantile and Sublessor, as further affected by that certain Assignment and Assumption of Lease and Guaranty dated December 21, 2012, by and between One Mercantile and ONEMERC, LLC (the "Master Lessor"), as further amended by that certain Letter Agreement dated May 2, 2013, by and between Master Lessor and Sublessor, and as further amended by that certain Fourth Amendment to Lease dated as of September 16, 2015, by and between Master Lessor and Sublessor (as amended, the "Master Lease"), a redacted copy of which is attached hereto as **Exhibit B;**

WHEREAS, pursuant to the Master Lease, Sublessor currently leases approximately 198,560 rentable square feet of space in the building known as One Mercantile Place located at One Mercantile Street in Worcester, Massachusetts together with approximately 851 parking spaces in the adjoining garage known as the Foster Street Garage (collectively, the "Master Premises"); and

WHEREAS, Sublessee desires to sublease a portion of the Master Premises from Sublessor, and Sublessor desires to sublease a portion of the Master Premises to Sublessee on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows.

1. DEFINED TERMS. All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Master Lease.

1.1. Building: An eight (8) story office building containing approximately one hundred ninety-eight thousand five hundred sixty (198,560) square feet of rentable area and
located on approximately 2.312 acres of land (the "Real Property" as described in Exhibit B to the Master Lease) at 1 Mercantile Street, Worcester, Massachusetts.

1.2. Sublease Premises: Approximately 26,503 square feet of rentable area located on the fourth (4th) floor of the Building as outlined on **Exhibit A** attached hereto.

1.3. Commencement Date: July 1, 2022.

1.4. Rent Commencement Date: The earlier of (i) the date that Tenant occupies the Sublease Premises, or (ii) the date on which Sublessee's Work is Substantially Complete (as such term is defined in Exhibit C hereunder), but in no event later than November 1, 2022.

1.5. Termination Date: January 31, 2030.

1.6. Sublease Term: Approximately seven (7) years and seven (7) months, commencing on the Commencement Date and expiring on the Termination Date unless earlier terminated pursuant to the terms of this Sublease.

1.7. Extension Terms: None.

1.1. Sublease Year: A twelve-month period from January 1 through December 31 during the Sublease Term. However, the first Sublease Year shall run from the Commencement Date through the 31st day of December immediately following; and the last Sublease Year shall run from the last January 1 through the date of the expiration or earlier termination of the Term of this Sublease.

1.8. Base Year for Operating Charges: Calendar Year 2022 (i.e. January 1, 2022-
December 31, 2022).

1.9. Proportionate Share: 13.35%.

1.10. Permitted Use: Class A administrative office functions and ancillary uses specifically related thereto.

1.11. Building Hours: Monday through Friday, 7 a.m. to 6 p.m. and Saturday 8 a.m. to
1 p.m.

1.12. Building Holidays: New Year's Day, Memorial Day, Independence Day, Labor
Day, Thanksgiving Day, the day after Thanksgiving Day, Christmas Eve and Christmas Day.

1.13. Security Deposit: $48,588.83

1.14. Sublessor Address for Notices:

The Paul Revere Life Insurance Company
c/o Unum Group
1 Fountain Square
Chattanooga, TN 37402
Attention: Corporate Real Estate

With a copy to:

Unum Law Department
2211 Congress Street– B268
Portland, ME 04122
Attn: Marybeth Fougere, Esq.

1.15. Sublessee Address For Notices:

Mustang Bio, Inc.
377 Plantation Street
Worcester, MA 01605
Atten: Knut Niss

With copy to:

Mustang Bio, Inc.
377 Plantation Street
Worcester, MA 01605
Attention: General Counsel
mwein@mustangbio.com

1.16. Business Day: Means all days except Saturdays, Sundays, Building Holidays and other days when federal or state banks in the Commonwealth of Massachusetts are not open for business.

2. SUBLEASE PREMISES.

2.1. Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, the Sublease Premises. Sublessee has been given the opportunity to inspect the Sublease Premises and accepts the Sublease Premises in their "AS IS" and "WHERE IS," broom clean condition on the Commencement Date. Sublessee acknowledges that Sublessor has made no representations or warranties concerning the Sublease Premises or its fitness for Sublessee's intended use.

2.2. Sublessor reserves all air rights over the Sublease Premises, the use of the exterior walls, the plenum, and the right to install, maintain, use, repair and replace pipes, ducts, conduits and wires leading through the Sublease Premises in locations behind, above and beneath walls, dropped ceilings and flooring, respectively, which will not interfere with Sublessee's use thereof to serve other parts of the Building.

2.3. Sublessor reserves the right at any time to make alterations or additions to the Building, provided that such alterations or additions do not have a material adverse effect upon Sublessee's access to or use of the Sublease Premises.

3. TERM.

3.1. The term of this Sublease (the "Sublease Term") shall commence on the Commencement Date and terminate on the Termination Date unless earlier terminated pursuant to the terms of this Sublease.

4. MASTER LEASE

4.1. Sublessee hereby acknowledges and agrees that the interest and estate of the Sublessor in the Sublease Premises is that of a lessee of a leasehold and that this Sublease is subject and subordinate to the Master Lease. Except as otherwise provided herein or to the extent inconsistent with other specific provisions of this Sublease, Sublessee agrees to comply with all provisions of the Master Lease as if it were the named Tenant thereunder and the Sublease Premises were the premises leased thereunder, and not to do anything or fail to do anything to cause a breach or default under the Master Lease or the termination thereof.

4.2. The terms, covenants and conditions of the Master Lease insofar as they relate to the Sublease Premises are incorporated herein by reference so that, except to the extent that they are modified by the provisions of this Sublease, each and every term, covenant and condition of the Master Lease applicable to the Sublease Premises binding or inuring to the benefit of the Master Lessor thereunder shall, in respect of this Sublease, bind or inure to the benefit of Sublessor, and each and every term, covenant and condition of the Master Lease applicable to the Sublease Premises binding or inuring to the benefit of the Sublessor as Tenant thereunder shall, in respect of this Sublease, bind or inure to the benefit of Sublessee, with the same force and effect as if such terms, covenants and conditions were completely set forth in this Sublease. As applied to this Sublease, the terms "Landlord," "Tenant," "Lease," and "Premises" shall be deemed to refer to the Sublessor, Sublessee, Sublease and Sublease Premises, respectively. As between the Sublessor and the Sublessee only, to the extent that the terms of the Sublease conflict with the terms of the Master Lease, the Sublease shall control. Except as otherwise provided herein, the Master Lease is incorporated herein by this reference, but by so doing, (i) the Sublessee shall not have derived any rights as Tenant thereunder but rather shall derive its rights only from Sublessor as Sublessee hereunder and (ii) Sublessor shall not be deemed to have agreed to perform any obligations of Master Lessor but rather only to use reasonable efforts to cause Master Lessor to comply with its obligations under the Master Lease. Notwithstanding anything to the contrary contained herein the following portions of the Master Lease are not incorporated in this Sublease: Articles 1 through 7, Section 8.1(a), the fourth (4th) and fifth ($5^{th}$) paragraphs of Section 8.1(b), Section 8.1(c), Section 9.5, Section 10.1 through 10.9, Section 10.10(a), (c) and (d), Section 10.11 , Section 10.12, Section 11.1(a)(v), Section 11.2, Sections 11.4 through 11.8, Section 11.10, Sections 12.1 , 12.2, 12.4 through 12.7, Section 13.1(a), (b), (d), (e), (f) and (g), Section 13.3 through 13.8, Section 14.2, Section 14.3, Section 15.1(e), Article 24, Section 26.2, Section 26.3, Section 26.5, Section 26.13, Section 26.19, Section 26.20, Section 26.21, Articles 27 through 30, Articles 32 through 34 and all Exhibits (except to the extent referenced in this Sublease or required for interpretation of a provision of this Sublease or those provisions of the Master Lease incorporated herein), Letter Agreement by and between One Mercantile and Sublessor dated November 11 , 2011, and Second Amendment to Lease dated as of July 5, 2012, by and between One Mercantile and Sublessor. All Tenant indemnification obligations set forth in the Master Lease shall, for the purposes of this Sublease, be deemed to be for the benefit of Master Lessor and Sublessor. Sublessee shall be deemed a Transferee for purposes of Section 13.1(c) of the Master Lease.

4.3. If the Master Lease shall terminate during the Sublease Term for any reason whatsoever, this Sublease shall terminate upon such termination with the same force and effect as if such termination date had been named herein as the date of expiration hereof.

5. SECURITY DEPOSIT

Sublessee shall deliver the Security Deposit to Sublessor upon execution of this Sublease. Sublessor shall not be required to pay interest on the Security Deposit or to maintain the Security Deposit in a separate account. Within three (3) days after notice of Sublessor's application of all or a portion of the Security Deposit in satisfaction of Sublessee's obligations under this Sublease, Sublessee shall restore the Security Deposit to the full amount. Within approximately ninety (90) days after the expiration or earlier termination of the Sublease Term, Sublessor shall return the Security Deposit less such portion thereof as Sublessor may have used to satisfy Sublessee's obligations. If Sublessor transfers the Security Deposit to a transferee of Sublessor's interest in the Master Lease, then such transferee (and not Sublessor) shall be liable for its return.

6. FIXED RENT

Sublessee shall pay "Fixed Rent" as follows:

| Period | Yearly | Monthly |
|---|---|---|
| 1st Sublease Year | $583,066.00 | $48,588.83 |
| 2nd Sublease Year | $596,317.50 | $49,693.13 |
| 3rd Sublease Year | $609,569.00 | $50,797.42 |
| 4th Sublease Year | $622,820.50 | $51,901.71 |
| 5th Sublease Year | $636,072.00 | $53,006.00 |
| 6th Sublease Year | $649,323.50 | $54,110.29 |
| 7th Sublease Year | $662,575.00 | $55,214.58 |
| 8th Sublease Year | $675,826.50 | $56,318.88 |

Notwithstanding the foregoing, and provided that Sublessee is not then in default under this Sublease commencing on the Commencement Date and continuing through 11:59 P.M. EST on the last day of the twenty fourth (24th) month following the Rent Commencement Date (the "Rent Abatement Period"), Fixed Rent shall abate with respect to the entire Sublease Premises (the "Rent Abatement"),. During the Rent Abatement Period, however, Sublessee shall pay all Additional Rent (as hereinafter defined), including, without limitation, electricity charges for the entire Sublease Premises and any charges for additional parking permits. Sublessee shall make payment of Fixed Rent and Additional Rent for any fraction of a month at the Rent Commencement Date or expiration of the Sublease Term.

7. ADDITIONAL RENT

7.1. OPERATING CHARGES

a) If in any Sublease Year Operating Charges (as hereinafter defined) paid or incurred shall exceed Operating Charges paid or incurred in the Base Year for Operating

Charges, Sublessee shall pay, as Additional Rent for such Sublease Year, Sublessee's Proportionate Share of such excess (the "Operating Charge Excess").

b) Operating Charges mean the following expenses incurred by Sublessor in its tenancy of the Building and the Real Property: (1) electricity, water, sewer and other utility charges for service provided to the common or public areas of the Building (the "Common Areas"), or which is not separately metered; (2) insurance premiums; (3) management fees; (4) costs of service and maintenance contracts; (5) maintenance, repair and replacement expenses; (6) amortization (on a straight-line basis over the useful life (not to exceed ten (10) years) of capital expenditures made by Sublessor to improve, repair or replace the Common Areas; (7) reasonable reserves for replacements, repairs and contingencies; (8) Sublessor's administrative costs and overhead; and (9) any other expense incurred by Sublessor in maintaining, repairing or operating the Building and the Real Property. Operating Charges do not include: (i) costs of initial improvements to, or alterations of the Sublease Premises; (ii) costs to correct defects in the original design or construction of the Building; (iii) overhead or profit, or costs in excess of competitive third-party rates, paid to affiliates of Sublessor for services rendered to the Building; (iv) any expenses for which Sublessor is compensated through proceeds of insurance or for which Sublessor would have been so compensated had Sublessor maintained insurance in an amount and type required in this Sublease; (v) costs of repairs, alterations or replacements caused by the exercise of the rights of eminent domain; (vi) the cost of any special services rendered or costs reimbursed to another subtenant which are not generally reimbursed or rendered to other subtenants in the Building; (vii) allowances to other subtenants for construction of tenant improvements, space planner fees, real estate brokers' commissions; (viii) legal fees and other costs incurred in the negotiation of other subleases in the Building (including this Sublease) or the enforcement of subleases in the Building; (ix) salaries and employment expenses of personnel above the level of the on-site Building manager; (x) debt service payments, ground lease payments, depreciation, amortization or other similar noncash accounting charges; (xi) any cost or expense for which Sublessor is paid or reimbursed by or is legally entitled to payment or reimbursement from any subtenant of the Building (other than from subtenants paying their share of Operating Charges) or any other party; (xii) any expenses for repairs or maintenance which are covered by warranties; (xiii) costs incurred due to the violation by the Master Lessor or Sublessor of any law, code, regulation, ordinance or the like, which cost would not have been incurred but for such violation; (xiv) the cost of acquiring or leasing paintings or other objects of art for the Building; and (xv) real estate taxes, which are deemed included in Fixed Rent.

c) At the commencement of the Sublease Term and each Sublease Year thereafter, Sublessor shall submit a written statement indicating the amount of Operating Charges and Operating Charge Excess that Sublessor reasonably expects to be incurred during such Sublease Year. Sublessee shall pay to Sublessor on the first day of each month after receipt of such statement, until Sublessee's receipt of a succeeding statement, an amount equal to one- twelfth (1/12$^{th}$) of such Operating Charge Excess. Sublessor reserves the right to submit a revised statement if Sublessor expects Operating Charges to differ from the prior estimation. If a statement is submitted after the beginning of a Sublease Year, then the first payment thereafter shall be adjusted to account for any underpayment or overpayment based on the prior statement and subsequent payments shall be based on the latest statement. If during all or any portion of any calendar year during the Sublease Term, the Building is not one hundred percent (100%) occupied by tenants, Sublessor may elect to make an appropriate adjustment of Operating

Charges for such calendar year, to determine the Operating Charges that would have been paid or incurred by Sublessor had the Building been one hundred percent (100%) occupied by tenants for the entire year and the amount so determined shall be deemed to be the Operating Charges for such year.

d) Within approximately one hundred twenty (120) days after each Sublease Year, Sublessor shall submit a statement indicating (1) Sublessee's Operating Charge Excess
incurred during such Sublease Year, and (2) the sum of Sublessee's estimated payments for such Sublease Year. If such statement indicates that such sum exceeds Sublessee's actual obligation, then Sublessee shall deduct the overpayment from its next payment(s) pursuant to this Section. If such statement indicates that Sublessee's actual obligation exceeds such sum, then Sublessee shall pay the excess. If Sublessee does not notify Sublessor in writing of any objection to such statement within thirty (30) days after receipt, then Sublessee shall be deemed to have waived such objection.

e) If the Sublease Term commences or expires on a day other than January 1 or December 31, respectively, then Sublessee's liability for Operating Charges incurred during the applicable Sublease Year shall be proportionately reduced based on the number of days in the Sublease Term falling within such Sublease Year.

f) Within sixty (60) days after Sublessor furnishes to Sublessee the statement of Operating Charges referenced in subsection (d) above (the "Audit Election Period"), Sublessee shall have the right, at its sole cost and expense, during Sublessor's normal business hours, to audit Sublessor's Operating Charges for the previous calendar year and the Base Year only, subject to the following conditions: (1) there is no uncured Event of Default under this Sublease; (2) the audit shall be prepared by an independent certified public accounting firm of recognized national standing; (3) in no event shall any audit be performed by a firm retained on a "contingency fee" basis; (4) the audit shall commence within thirty (30) days after Sublessor makes Sublessor's books and records available to Sublessee's auditor and shall conclude within sixty (60) days after commencement; (5) the audit shall be conducted where Sublessor maintains its books and records and shall not unreasonably interfere with the conduct of Sublessor's business; and (6) Sublessee and its accounting firm shall treat any audit in a confidential manner and shall each execute Sublessor's confidentiality agreement for Sublessor's benefit before commencing the audit. Sublessee shall deliver a copy of such audit to Sublessor within five (5) Business Days of receipt by Sublessee. This subsection shall not be construed to limit, suspend, or abate Sublessee's obligation to pay Rent when due, including the estimated Operating Charge Excess. After verification, Sublessor shall credit any overpayment determined by the audit report against the next Rent due and owing by Sublessee or, if no further Rent is due, refund such overpayment directly to Sublessee within thirty (30) days of determination. Sublessee shall pay Sublessor any underpayment determined by the audit report within thirty (30) days of determination. The foregoing obligations shall survive the expiration or earlier termination of the Sublease. If Sublessee does not give written notice of its election to audit during the Audit
Election Period, Sublessor's statement of Operating Charges for the applicable calendar year shall be deemed approved for all purposes, and Sublessee shall have no further right to review or contest the same.

7.2. All sums other than Fixed Rent, including, without limitation, the amounts due under Sections 7 and 8 of this Sublease, late charges, damages and interest and other costs

relating to Sublessee's failure to perform any of its obligations under the Sublease shall be deemed "Additional Rent". Fixed Rent and Additional Rent are collectively referred to herein as "Rent".

8. UTILITIES AND SECURITY

8.1. Sublessor shall supply water, sewer, electricity, heating and air conditioning service to the Sublease Premises. Electricity to the Sublease Premises (lights and plugs) will be submetered and Sublessee will pay to Sublessor, as Additional Rent, its share of electricity charges as shown on the submeter within fifteen (15) days of receipt of Sublessor's invoice therefor; provided, Sublessee's share of charges for electricity supplied to the Sublease Premises during normal business hours shall not exceed $1.75 per rentable square foot of the Sublease Premises. If Sublessee desires heating or air-conditioning service at a time other than during the Building's normal business hours, which are 7:00 a.m. to 6:00 p.m. on Business Days and 8:00 a.m. to 1:00 p.m. on Saturdays, then Sublessee shall pay to Sublessor the cost of such services on a floor-by-floor basis as Additional Rent within fifteen (15) days after receipt of Sublessor's invoice therefor. The rate for heating and air conditioning if used outside of the Building's normal business hours is currently $100.00 per hour, subject to reasonable increases by Sublessor from time to time.

8.2. Sublessee shall at all times comply with the rules and regulations of the utility company supplying electricity to the Building. Sublessee shall not install any electrical equipment which would exceed the capacity of the Building's electrical equipment.

8.3. Sublessee shall cooperate fully in Sublessor's efforts to maintain access control to the Building and shall follow all regulations promulgated by Sublessor with respect thereto. Sublessor shall permit Sublessee to utilize the Building security systems to control access to the Sublease Premises to provide access to the Sublease Premises from the Building and the exterior solely for Sublessee's permitted employees, agents, officers, directors, contractors and escorted guests and Invitees (hereinafter defined); provided, however, that Sublessee shall pay the cost of all key cards issued to Sublessee at the then-current rate charged by Sublessor.

9. USE OF SUBLEASE PREMISES

9.1. Sublessee shall have the right to use and occupy the Sublease Premises for the Permitted Use and for no other purpose or purposes.

9.2. Sublessee shall not permit any use of the Sublease Premises which shall make voidable any insurance upon the Sublease Premises or upon the property of which the Sublease Premises are a part. The Sublessee shall on demand reimburse the Sublessor for all extra insurance premiums incurred by Sublessor solely and directly caused by Sublessee's specialized use of the Sublease Premises. The Sublessee shall secure all necessary permits and licenses for the lawful operation of said business and shall provide copies of such licenses and permits to Sublessor.

9.3. Sublessee shall at all times protect and save harmless the Master Lessor and the Sublessor from the imposition of any liens, taxes or other charges that may be imposed upon the Sublease Premises or upon other property of which the Sublease Premises are a part, by reason of the occupancy and use by Sublessee of the Sublease Premises.

9.4. Subject to applicable Requirements (as defined below), Sublessee shall have access to and the right to the use of the Sublease Premises on a 24 hour per day, 7 day per week, 365 day per year basis.

9.5. Sublessee shall not use the Sublease Premises in a manner that would (a) violate the terms of any occupancy or use permit, (b) impair or interfere with any Building system or facility, or (c) adversely affect the Building's appearance, character or reputation. Sublessee shall not use the Sublease Premises in any manner that will cause the Building, the Real Property or any part thereof not to comply with Sublessor's sustainability practices and its Silver certification from the United States Green Building Council's Leadership in Energy and Environmental Design ("LEED") rating system.

9.6. Subject to Section 12 of this Sublease, Sublessee shall be responsible for the cost of any alterations, additions, or changes to the Building or the Garage required pursuant to the Americans With Disabilities Act of 1990, and any amendments thereto (the "ADA") as a result of the Permitted Use, Sublessee's Work or any Alterations made by Sublessee to the Sublease Premises.

9.7. Sublessee shall require any truck or other vehicle serving Sublessee to use the service area designated by Sublessor. Sublessee shall cause any such vehicle promptly to be loaded or unloaded and removed from such area. Immediately after using such service area, Sublessee shall remove any debris and clean such area to its prior condition. Sublessee's use of such area shall comply with all rules and regulations governing such use as may be provided to Sublessee. Sublessee's use of such area shall not unreasonably impede the use thereof by others including Sublessor.

9.8. Sublessor shall provide Sublessee with non-exclusive access to the fitness center located in the Building for Sublessee's employees at no additional cost; provided, however, that such access shall be contingent upon such employees signing the standard waiver and any other documents requested by Sublessor for use of the fitness center. In the event that the fitness center is renovated during the Sublease Term, Sublessee shall, upon completion of such renovation, commence paying to Sublessor each month in advance as Additional Rent Sublessor's then-current per-person charge applied to all tenants of the Building for use of the fitness center.

9.9. Sublessee shall pay timely any business, rent or other tax or governmental fee that is now or hereafter assessed or imposed upon Sublessee's use or occupancy of the Sublease Premises, the conduct of Sublessee's business in the Sublease Premises or Sublessee's fixtures, furnishings, inventory or personal property. If any such tax or fee is imposed upon Sublessor or Sublessor is responsible for collection or payment thereof, then Sublessee shall pay to Sublessor the amount of such tax or fee on demand.

9.10. Sublessee's use of the Sublease Premises and the Common Areas shall comply in all respects with the rules and regulations set forth in **Exhibit D** attached hereto, as such rules and regulations may be modified or restated by Sublessor from time to time (collectively, the "Requirements").

9.11. Sublessee shall, at its expense, comply and cause the Sublease Premises to comply with all applicable Requirements, subject to the provisions of Section 9.6 of this Sublease.

## 10. SUBLESSEE'S INSURANCE

Throughout the Sublease Term, Sublessee shall maintain with respect to the Sublease Premises commercial general liability insurance, workers' compensation insurance and "all-risk" property insurance in the amounts and on the terms stated in the following sections of the Master Lease: Article 11, subsection 11.1(a), subsections (i), (ii), (iii), (iv) (substituting the Sublease Premises for the Real Property), and (vi). Such insurance shall name Master Lessor and Sublessor as additional insureds. In addition, Sublessee agrees to comply with the remaining provisions of Article 11 of the Master Lease in the same manner as if it was the Tenant thereunder and shall provide both the Master Lessor and the Sublessor with evidence of such compliance in the form and manner set forth therein. Sublessee shall provide the waiver of subrogation set forth in Section 11.3 of the Master Lease to both Sublessor and Master Lessor."

## 11. MAINTENANCE AND REPAIRS

11.1. Sublessor shall make repairs which Sublessor deems necessary to the structure and exterior (including access doors and windows but excluding interior doors and glass) of the Sublease Premises; provided Sublessor has actual knowledge of the necessity for such repair in accordance with its obligations under the Master Lease. In addition, Sublessor shall provide cleaning service and trash removal for the Sublease Premises Monday through Friday, excluding Building Holidays.

11.2. Except as otherwise provided in Section 11.1, Sublessee shall maintain the Sublease Premises and all fixtures and equipment located therein or exclusively serving the Sublease Premises in clean, safe and sanitary condition, take good care thereof, make all repairs and replacements thereto and suffer no waste or injury thereto, and Sublessee shall promptly make all repairs, perform all maintenance, and make all replacements in and to the Sublease Premises that are necessary or desirable to keep the Sublease Premises in first class condition and repair, in a safe and tenantable condition, and otherwise in accordance with the requirements of this Sublease. Without limitation of the generality of the foregoing, Sublessee shall promptly make all repairs and replacements to (a) any pipes, lines, ducts, wires or conduits exclusively serving the Sublease Premises, (b) Sublessee's signs, (c) any non-building system heating, air conditioning, ventilating, electrical or plumbing equipment installed in or exclusively serving the Sublease Premises, (d) all interior glass and doors, and (e) any other mechanical system exclusively serving the Sublease Premises. Sublessee shall give to Sublessor prompt written notice of any damage to the Sublease Premises, the Building or any part thereof. Sublessee shall maintain a maintenance contract on the heating, ventilation and air conditioning equipment and systems exclusively serving the Sublease Premises with a contractor approved by Sublessor, and shall provide a copy of such contract to Sublessor upon request. Sublessor reserves the right to establish a regular inspection and maintenance program for all heating, ventilation and air conditioning equipment maintained by Sublessee and to provide all necessary or appropriate
maintenance and repairs at Sublessee's expense. Sublessee shall install and maintain fire extinguishers and other fire protection devices (other than sprinklers) as may be required or recommended by Master Lessor or any governmental authority or insurance underwriter.

Sublessee shall operate its heating and air conditioning systems servicing the Sublease Premises so as to adequately heat or cool the Sublease Premises. All damage to the Sublease Premises or to any other part of the Building or the Real Property caused by any act or omission of any invitee, agent, employee, subtenant, assignee, contractor, client, family member, licensee, concessionaire, customer or guest of Sublessee (collectively "Invitees") or Sublessee shall be repaired by Sublessee, except that Sublessor shall have the right to make any such repair at Sublessee's expense.

Notwithstanding anything to the contrary contained in this Article 11, Sublessor may, at Sublessor's election, perform any of Sublessee's maintenance, repair and/or replacement obligations set forth in this Section 11 with respect to any fixtures or equipment located outside of the Sublease Premises on Sublessee's behalf, and Sublessee shall reimburse Sublessor for the cost of any such maintenance, repair or replacement within thirty (30) days of Sublessor's written demand therefor.

11.3. Sublessee shall cause its operation and maintenance of the Sublease Premises to comply with the standards, requirements, guidelines and energy conservation measures set forth in **Exhibit E** attached hereto.

## 12. ALTERATIONS AND ADDITIONS

12.1. The original improvement of the Sublease Premises shall be accomplished in accordance with the Work Letter attached hereto as **Exhibit C**. Sublessor will deliver the Sublease Premises to Sublessee in As-Is, Where-Is condition, with all base building systems in working condition. Sublessor is under no obligation to make any alterations, decorations, additions, improvements or other changes (collectively "Alterations") in or to the Sublease Premises.

12.2. Sublessee shall not make or permit anyone to make any Alteration in or to the Sublease Premises or the Building without Sublessor's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Any Alteration made by Sublessee shall be made: (a) in a good, workmanlike, first-class and prompt manner; (b) using new materials only; (c) by a contractor, on days and at times and under the supervision of an architect approved in writing by Sublessor; (d) in accordance with plans and specifications prepared by an engineer or architect approved by Sublessor and reviewed (at Sublessor's standard charge) by Sublessor;
(e) in accordance with the Requirements, the requirements of any firm insuring the Building and the Building standards; (f) after obtaining a worker's compensation insurance policy approved in writing by Sublessor and any bonds required by Sublessor; (g) after delivering to Sublessor
written, unconditional waivers of mechanics' and materialmen's liens against the Sublease Premises and the Building from all proposed contractors, subcontractors, laborers and material suppliers; and (h) with respect to electrical and mechanical work, by a contractor designated by Sublessor. Subsections (c), (d), (f), and (g) of the immediately foregoing sentence shall only be applicable in the event that an Alteration requires a building permit. If a lien (or a petition to establish a lien) is filed in connection with any Alteration, then such lien (or petition) shall be discharged by Sublessee at Sublessee's expense within ten (10) days thereafter by the payment
thereof or filing of a bond acceptable to Sublessor. Sublessor's consent to an Alteration shall be deemed not to constitute Sublessor's consent to subjecting its interest in the Sublease Premises or the Building to liens which may be filed in connection therewith. Promptly after the completion

of an Alteration, Sublessee at its expense shall deliver to Sublessor three (3) sets of accurate as- built drawings showing such Alteration.

12.3. If an Alteration is made without Sublessor's prior written consent, then Sublessor shall have the right at Sublessee's expense to remove such Alteration and restore the Sublease Premises and the Building to their condition immediately prior thereto or to require Sublessee to do the same. All Alterations to the Sublease Premises or the Building made by either party shall immediately become Sublessor's property and shall be surrendered with the Sublease Premises at the expiration or earlier termination of the Sublease Term, except that (a) Sublessee shall have the right to remove, prior to the expiration or earlier termination of the Sublease Term, movable furniture, movable furnishings and movable trade fixtures installed in the Sublease Premises by Sublessee solely at Sublessee's expense, and (b) Sublessee shall be required to remove all Alterations to the Sublease Premises or the Building which Sublessor designates in writing for removal. Movable furniture, furnishings and trade fixtures shall be deemed to exclude without limitation any item the removal of which might cause damage to the Sublease Premises or the Building or which would normally be removed from the Sublease Premises with the assistance of any tool or machinery other than a dolly. Sublessor shall have the right to repair at Sublessee's expense any damage to the Sublease Premises or the Building caused by such removal or to require Sublessee to do the same. If any such item is not removed prior to the expiration or earlier termination of the Sublease Term, then such item shall become Sublessor's property and shall be surrendered with the Sublease Premises as a part thereof; provided, however, that Sublessor shall have the right to remove such item from the Sublease Premises at Sublessee's expense.

12.4. Sublessee shall not employ, or permit the employment of, any contractor, mechanic or laborer, or permit any materials to be delivered to or used in the Sublease Premises or the Building if, in Sublessee's reasonable judgment, such employment, delivery or use will interfere with or obstruct or cause any conflict with other contractors, mechanics or laborers engaged in the construction, maintenance or operation of the Real Property by Sublessor, Master Lessor or others. If such interference or conflict occurs, then upon Sublessor's request, Sublessee shall immediately cause all contractors, mechanics or laborers causing such interference or conflict to leave the Real Property.

12.5. The approval of plans, or consent by Sublessor to the making of any Alterations, shall not constitute Sublessor's representation that such plans or Alterations comply with any Requirements. Sublessor shall not be liable to Sublessee or any other party in connection with Sublessor's approval of any plans, or Sublessor's consent to Sublessee performing any Alterations. If any Alterations made by or on behalf of Sublessee require Sublessor to make any alterations or improvements to any part of the Real Property in order to comply with any Requirements, Sublessee shall pay, within thirty (30) days following completion of such alterations or improvements and delivery of an itemized statement or invoice from Sublessor, as Additional Rent, all reasonable, out-of-pocket costs and expenses incurred by Sublessor in connection with such alterations or improvements.

12.6. In the case of any Alteration requiring Master Lessor approval under the Master Lease, in addition to Sublessor's prior written consent, Sublessee may not commence such Alteration until Master Lessor has approved the same in writing.

13. SIGNS

13.1. Notwithstanding anything to the contrary contained the Master Lease, as incorporated herein, Sublessee shall not have the right to erect any signs on the Sublease Premises, the property of which the Sublease Premises are a part, or in the windows of the Sublease Premises without Sublessor's prior written consent, which shall not be unreasonably withheld, delayed or conditioned (provided that it shall not be unreasonable for Sublessor to withhold consent to the installation of any sign the removal of which will, in Sublessor's sole judgment, unduly damage the Sublease Premises or the Building). All signs shall be in compliance with all applicable Requirements. Sublessee shall install a professionally lettered name sign on each service door. Sublessee shall insure, maintain in first class order, good condition and repair each sign and lettering used by Sublessee. Upon the expiration or earlier termination of the Sublease Term, Sublessee shall remove any sign and repair any damage attributable to such sign or its removal. Notwithstanding the foregoing, Sublessor may elect, in Sublessor's sole discretion, to install and/or remove any of Sublessee's approved signage at Sublessee's sole cost and expense.

13.2. Sublessor shall provide, at Sublessor's sole cost and expense, Sublessee with Building standard signage (a) in the main lobby Building directory, and (b) at the entry way of the Sublease Premises, as well as Building standard directional signage on the floor on which the Sublease Premises are located. Any logo or detail approved by Sublessor for the entry way signage shall be at Sublessee's sole cost and expense.

14. ASSIGNMENT AND SUBLEASING

14.1. Sublessee shall not assign or sub-sublease the whole or any part of the Sublease Premises without (a) Sublessor's prior written consent, which shall not be unreasonably withheld, conditioned or delayed, and (b) Master Lessor's consent which shall be governed by the Master Lease. Notwithstanding such consent, Sublessee shall remain liable to Sublessor for the payment of all Rent and for the full performance of the covenants and conditions of this Sublease.

14.2. In addition to Sublessor's right to approve of any sub-sublessee or assignee, Sublessor shall have the option, in its sole discretion, in the event of a proposed sub-subleasing or assignment, to terminate this Sublease, or in the case of a proposed sub-subleasing of less than the entire Sublease Premises, to recapture the portion of the Sublease Premises to be sub-sublet, as of the date the sub-sublease or assignment is to be effective. The option shall be exercised, if at all, by Sublessor giving Sublessee written notice within thirty (30) days following Sublessor's receipt of Sublessee's written request for consent pursuant to Section 14.1. If this Sublease shall be terminated with respect to the entire Sublease Premises pursuant to this Section, the Sublease Term shall end on the date stated in Sublessee's notice as the effective date of the sub-sublease or assignment as if that date had been originally fixed in this Sublease for the expiration of the Sublease Term. If Sublessor recaptures under this Section only a portion of the Sublease Premises, the Rent to be paid from time to time during the unexpired Sublease Term shall abate proportionately based on the proportion by which the approximate square footage of the remaining portion of the Sublease Premises shall be less than that of the Sublease Premises as of the date immediately prior to such recapture. Sublessee shall, at Sublessee's own cost and expense, discharge in full any outstanding commission obligation which may be due and owing

as a result of any proposed assignment or sub-subletting, whether or not the Sublease Premises are recaptured pursuant to this Section 14.2 and rented by Sublessor to the proposed sub- sublessee or any other sublessee.

14.3. In the event that Sublessee sells, sublets, assigns or transfers this Sublease, Sublessee shall pay to Sublessor as Additional Rent an amount equal to fifty percent (50%) of any Increased Rent (as hereinafter defined), less the Costs Component (as hereinafter defined), when and as such Increased Rent is received by Sublessee. As used in this Section, "Increased Rent" shall mean the excess of (i) all rent and other consideration which Sublessee is entitled to receive by reason of any sale, sub-sublease, assignment or other transfer of this Sublease, over
(ii) the rent otherwise payable by Sublessee under this Sublease at such time. For purposes of the foregoing, any consideration received by Sublessee in form other than cash shall be valued at its fair market value as determined by Sublessor in good faith. The "Costs Component" is the reasonable costs incurred by Sublessee in entering into the transaction, including without limitation, costs for leasing commissions, attorneys' fees, marketing and advertising expenses, tenant improvements, free rent and other tenant concessions in connection with such sub- sublease, assignment or other transfer, all of which may be deducted prior to paying any Increased Rent hereunder.

15. SUBORDINATION

This Sublease shall be subject and subordinate to any and all mortgages, deeds of trust and other instruments in the nature of a mortgage, now or at any time hereafter, which are or shall be a lien or liens on the Sublease Premises or on the property of which the Sublease Premises are a part, whether granted by Sublessor or Master Lessor as mortgagor, and the Sublessee shall, when requested, promptly execute and deliver such written instruments as shall be necessary to show the subordination of this Sublease to said mortgage, deeds of trust or other such instruments in the nature of a mortgage.

16. SUBLESSOR'S ACCESS

The Sublessor or agents of the Sublessor may, at reasonable times and upon not less than twenty-four (24) hours prior notice, enter to view the Sublease Premises and make repairs and alterations that Sublessor is obligated to perform under this Sublease or the Master Lease and may show the Sublease Premises to others in the presence of Sublessee or its agent. Sublessor shall use commercially reasonable efforts to minimize disruption to Sublessee's business caused by such access.

17. MASTER LESSOR'S ACCESS

The Sublessee shall provide Master Lessor with access to the Sublease Premises as provided in Article 14 of the Master Lease, as incorporated herein.

18. INDEMNIFICATION OF MASTER LESSOR AND SUBLESSOR

18.1. The provisions of Section 25.1, 25.2 and 25.3 of the Master Lease are incorporated herein; provided, however, that the references to "Landlord" in the definition of Indemnitees shall be deemed to include both Master Lessor and Sublessor, and references to the Premises shall be deemed to refer to the Sublease Premises, further provided, however, that the

indemnities set forth in Section 25.1 shall not include any claims arising from the gross negligence or willful misconduct of Sublessor and the indemnities set forth in Section 25.2 shall not include any claims arising from the gross negligence or willful misconduct of Sublessee.
The provisions of this Section 18.1 shall survive the expiration or earlier termination of this Sublease.

18.2. Intentionally Omitted.

18.3. Sublessor, its officers, directors, employees and agents shall not be liable to Sublessee or any other person or entity for any damage (including indirect and consequential damage), injury, loss or claim (including claims for the interruption of or loss to business) based on or arising out of any cause whatsoever, including without limitation: repair to any portion of the Sublease Premises or the Building; interruption in the use of the Sublease Premises or any equipment therein; accident or damage resulting from any use or operation (by Sublessor, Sublessee or any other person or entity) of elevators or heating, cooling, electrical, sewerage or plumbing equipment; termination of this Sublease by reason of damage to or condemnation of the Sublease Premises or the Building; fire, robbery, theft, vandalism, mysterious disappearance or any other casualty; actions of any other tenant of the Building or other person or entity; failure or inability to furnish or interruption in any utility or service specified in this Sublease; and leakage in any part of the Sublease Premises or the Building. If a condition exists which may be the basis of a claim of constructive eviction, then Sublessee shall give Sublessor written notice thereof and a reasonable opportunity to correct such condition, and in the interim Sublessee shall not claim that it has been constructively evicted or is entitled to any abatement of Rent. Any property placed by Sublessee in or about the Sublessee Premises or the Building shall be at the sole risk of Sublessee, and Sublessor shall not in any manner be responsible therefor. For purposes of this Section, the term "Building" shall be deemed to include the Real Property. Notwithstanding the foregoing, nothing in this Section 18 shall limit the Sublessor's obligations under Sections 8.1 and 11 hereof.

18.4. The provisions of this Section 18 shall survive the expiration or earlier termination of this Sublease.

19. FIRE, CASUALTY AND EMINENT DOMAIN

19.1. If the Sublease Premises are rendered totally or partially inaccessible or unusable by fire or other casualty, then Sublessor shall diligently restore the Sublease Premises and the Building to substantially the same condition they were in prior to such casualty in accordance with Section 11.4 of the Master Lease; provided, however that if in Sublessor's judgment such restoration cannot be completed within ninety (90) days after the occurrence of such casualty (taking into account the time needed for effecting a settlement with any insurance company, removal of debris, preparation of plans and issuance of all required governmental permits), then Sublessor shall have the right to terminate the Sublease Term as of the sixtieth (60th) day after such casualty by giving written notice to Sublessee. If this Sublease is not terminated pursuant to this Section, then until such restoration of the Sublease Premises are substantially complete Sublessee shall be required to pay the Rent for only the portion of the Sublease Premises that in Sublessee's judgment is usable while such restoration is being made, except that if such casualty was caused by the act or omission of Sublessee or an employee, guest, agent or Invitee of Sublessee, then Sublessee shall not be entitled to any Rent reduction. After receipt of the

insurance proceeds (including proceeds of any insurance maintained by Sublessee), Sublessor shall restore the Sublease Premises and the Building, except that (a) if such casualty was caused by the act or omission of Sublessee or an employee, guest, agent or Invitee of Sublessee, then Sublessee shall pay the amount by which such expenses exceed any property insurance proceeds actually received by Sublessor on account of such casualty, and (b) Sublessor shall not be required to repair or restore any Alteration made by Sublessee or any of Sublessee's trade fixtures, furnishings, equipment or personal property. Anything herein to the contrary notwithstanding, Sublessor shall have the right to terminate this Sublease if (1) insurance proceeds are insufficient to pay the full cost of such restoration, (2) any mortgage holder does not make such proceeds available for such restoration, (3) zoning or other laws do not permit such restoration, or (4) restoration costs exceed twenty-five percent (25%) of the Building's replacement value.

19.2. If one-third or more of the Sublease Premises or occupancy thereof is condemned or sold under threat of condemnation (collectively "condemned"), then this Sublease shall terminate on the day prior to the date title vests in the condemnor (the "Vesting Date"). If less than such one-third is condemned, then this Sublease shall continue in full force and effect as to the part of the Sublease Premises not condemned, except that Rent shall be reduced proportionately as of the Vesting Date.

19.3. All awards, damages and compensation paid on account of such condemnation shall belong to Master Lessor in accordance with Section 12.3 of the Master Lease. Sublessee assigns to Sublessor and Master Lessor all rights thereto. Sublessee shall not make any claim against Master Lessor or Sublessor or the condemnor for any portion thereof attributable to damage to the Sublease Premises, value of the unexpired portion of the Sublease Term, loss of profits or goodwill, leasehold improvements or severance damages. The foregoing shall not prevent Sublessee from pursuing a separate claim against the condemnor for the value of movable furnishings and movable trade fixtures installed in the Sublease Premises solely at Sublessee's expense and relocation expenses, provided that such claim in no way diminishes any award, damages or compensation payable to Sublessor or Master Lessor.

20. DEFAULT

20.1. Any Event of Default by Sublessee pursuant to Article 15 of the Master Lease, as incorporated herein, shall be an Event of Default by Sublessee hereunder except that all references to "Tenant Obligations Guarantor" shall have no force and effect. Further, in incorporating Article 15 of the Master Lease as aforesaid, the provisions of Section 15.1(a) of the Master Lease are hereby modified such that the phrase "Fixed Rent, the TIF Payments or Tenant's Tax Payments" shall be deleted and the word "Rent" substituted therefor.

20.2. Sublessor shall in no event be in default under this Sublease unless Sublessor shall neglect or fail to perform any of its obligations hereunder and shall fail to remedy the same within thirty (30) days after notice to Sublessor specifying such neglect or failure, or if such failure is of such a nature that Sublessor cannot reasonably remedy the same within such thirty (30) day period, Sublessor shall fail to commence promptly (and in any event within such thirty (30) day period) to remedy the same and to prosecute such remedy to completion with diligence and continuity. In the event of a default by Sublessor hereunder which continues uncured

beyond the period described in the preceding sentence, Sublessee shall be entitled to pursue any available legal remedy.

21. SUBLESSOR'S REMEDIES

In the event of any Event of Default of this Sublease by Sublessee, Sublessor may exercise any of the rights and remedies set forth in Article 15 of the Master Lease, as incorporated herein, in accordance with the terms thereof.

In addition to Sublessor's remedies set forth above, Sublessor's obligation to pay the Allowance and Sublessee's right to the Rent Abatement shall be deemed conditioned upon Sublessee's full and faithful performance of all of the terms, covenants and conditions of this Sublease to be performed by Sublessee during the Sublease Term. Upon the occurrence of an Event of Default, Sublessor's obligation to pay the Allowance and Sublessee's right to the Rent Abatement shall automatically be deemed void and of no further force or effect, and the unamortized portion of (a) the Rent Abatement, and (b) the Allowance paid by Sublessor shall be immediately due and payable by Sublessee to Sublessor, and recoverable by Sublessor as Additional Rent due under this Sublease. The "unamortized portion" shall be calculated to equal the amount of principal which would remain unpaid as of the date of the Event of Default with respect to a loan in an original principal amount equal to the Rent Abatement and the Allowance and which is repaid in equal monthly installments of principal and interest on a direct reduction over the Sublease Term with interest at the rate described in Section 22.

22. SUBLESSOR'S RIGHT TO REMEDY SUBLESSEE'S DEFAULT

If Sublessee fails to observe or perform any of the Sublessee's covenants, agreements, or obligations required of Sublessee under this Sublease, and such failure shall not be cured within the applicable grace period as provided in Section 20 hereof, the Sublessor, without being under any obligation to do so and without thereby waiving such default, may remedy such default for the account and at the expense of the Sublessee. If the Sublessor makes any expenditures or incurs any obligations for the payment of money in connection therewith, including but not limited to, reasonable attorneys' fees in instituting, prosecuting or defending any action or proceeding, such sums paid or the cost of such obligations performed, with interest at the rate of five percent (5%) per annum over the base rate in effect from time to time at Bank of America shall be paid to the Sublessor by the Sublessee as Additional Rent.

23. SURRENDER; HOLDOVER

The Sublessee shall at the expiration or earlier termination of this Sublease surrender the Sublease Premises broom clean and in a condition equal to or better than their condition on the Commencement Date, except for ordinary wear and tear. Sublessee shall remove all Sublessee's goods and effects from the Sublease Premises (including, without hereby limiting the generality of the foregoing, all signs and lettering affixed or painted by the Sublessee, either inside or outside the Sublease Premises). Sublessee shall deliver to the Sublessor the Sublease Premises and all keys, locks thereto, and all fixtures connected therewith and, to the extent restoration is not required by Sublessor as provided herein, all alterations and additions made to or upon the Sublease Premises, in good condition, damage by fire or other casualty only excepted. In the event of the Sublessee's failure to remove any of Sublessee's property from the Sublease

Premises, Sublessor is hereby authorized, without liability to Sublessee for loss or damage thereto, and at the sole risk of Sublessee, to remove and store any of the property at Sublessee's expense, or to retain same under Sublessor's control or to sell at public or private sale, without notice, any or all of the property not so removed and to apply the net proceeds of such sale to the payment of any sum due hereunder, or to destroy such property.

Any holding over by Sublessee after the expiration of the Sublease Term shall be treated as a tenancy at sufferance in accordance with the terms of Section 18.2 of the Master Lease.
Sublessee shall also pay to Sublessor (i) all damages, direct and indirect, sustained by reason of any such holding over, including, without limitation, loss of a sublessee, and (ii) all charges payable by Sublessor to Master Lessor as a result of such holding over.

24. LATE CHARGE AND INTEREST

If any sums due by Sublessee to Sublessor hereunder are not paid within ten (10) Business Days after the due date, Sublessee shall pay to Sublessor, in addition to any charges in Section 22, a late charge equal to five percent (5%) of the overdue amount for each such late payment.

25. FORCE MAJEURE

In the event that the Sublessor or Sublessee is prevented from performing any covenant hereunder by reason of any cause reasonably beyond the control of such party, the party prevented from performing shall not be liable to the other party therefor nor shall the other party be entitled to any abatement or reduction of any payment due or owing by reason thereof.

26. RELATION TO MASTER LEASE

All obligations of Sublessor hereunder are predicated upon Sublessor's rights under the Master Lease. Should the Master Lease be terminated for any reason or Sublessor's rights
thereunder be abrogated, delayed or restricted in a manner which adversely affects Sublessee's rights hereunder, Sublessor shall have no liability to Sublessee therefor.

27. LIABILITY OF PARTIES

27.1. The obligations of the Sublessor shall be binding upon the Sublessor's interest in the Master Lease, but not upon other assets of the Sublessor, and no individual officer, director, employee or agent of the Sublessor shall be personally liable for performance of the Sublessor's obligations hereunder. Sublessor shall bear no liability for any loss of personal property or injury to the person or property of Sublessee, its employees, invitees, agents or any other person coming on to the Sublease Premises or the property of which the Sublease Premises are a part due in whole or in part to the presence of Sublessee therein.

27.2. No individual, officer, member, director, employee or agent of the Sublessee shall be personally liable for the performance of the Sublessee's obligations hereunder.

28. NOTICE

All notices or other communications hereunder shall be in writing and delivered in the manner provided in Article 22 of the Master Lease, except that the addresses for the Sublessor and the Sublessee shall be as follows:

(a) If to Sublessor, to

The Paul Revere Life Insurance Company
c/o Unum Group
1 Fountain Square
Chattanooga, TN 37402
Attention: Corporate Real Estate.

With a copy to:

Unum Law Department
2211 Congress Street– B268
Portland, ME 04122
Attn: Marybeth Fougere, Esq.

(b) If to Sublessee, to

Mustang Bio, Inc.
377 Plantation Street
Worcester, MA 01605
Atten: Knut Niss

With copy to (as of the Commencement Date):

Mustang Bio, Inc.
Atten: General Counsel
1 Mercantile Street, Suite 400
Worcester, MA 01608

29. HAZARDOUS MATERIALS

Sublessee shall comply with the provisions of Section 8.1(b) of the Master Lease in the same manner as if it were Tenant thereunder and further agrees to indemnify, defend upon demand with counsel reasonably acceptable to Master Lessor and Sublessor, and hold Master Lessor and Sublessor harmless from and against, any liabilities, losses, claims, damages, interest, penalties, fines, attorneys' fees, experts' fees, court costs, remediation costs, and other expenses which result from the use, storage, handling, treatment, transportation, release, threat of release or disposal of Hazardous Materials (as defined in the Master Lease) in, on under or about the Sublease Premises, the Sublessor's premises or the property as a whole, by Sublessee or Sublessee's agents, employees or contractors.

30. PARKING

30.1. Sublessee and its employees shall have the right to eighty (80) unreserved monthly parking permits for the parking of standard-sized automobiles in the Garage at no

additional charge. Subject to availability, Sublessee shall have the right to use additional unreserved monthly parking permits for the parking of standard-sized automobiles in the Garage by providing at least thirty (30) days prior written notice to Sublessor of its desire to use such additional permits. The charge for such additional permits shall be the prevailing rate charged from time to time by Sublessor or the Garage operator (currently $165.00 per permit, per month).

30.2. Throughout the Sublease Term and, Sublessor shall provide access to the Garage through the Building for Sublessee's employees.

30.3. Sublessor may establish rules and regulations regarding Sublessee's use of the Garage.

31. BROKERAGE

Sublessee and Sublessor represent and warrant to each other that only Kelleher & Sadowsky Associates, Inc. ("Broker") had any part, or was instrumental in any way, in bringing about this Sublease. Sublessor agrees to pay any brokerage fee due to Broker pursuant to a separate agreement with Broker. Each party agrees to indemnify, defend and hold the other party harmless from and against any claims made by any other broker or other person alleging that such broker, or person is owed a brokerage commission, finder's fee or similar compensation, by reason of or in connection with this Sublease and relating to communications with such indemnifying party, and any loss, liability, damage, cost and expense (including, without limitation, reasonable attorneys' fees) in connection with such claims. All fees owed to Broker shall be satisfied by Sublessor.

32. APPLICABLE LAW, HEADINGS, INTEGRATION AND SIGNATURES

This Sublease shall be construed and enforced in accordance with the laws of The Commonwealth of Massachusetts. Section and section headings are not a part hereof and shall not be used to interpret the meaning of this Sublease. This Sublease forms the complete and entire understanding with respect hereto between the parties, and merges all prior and contemporaneous negotiations and understandings. This Sublease may not be modified or amended except by a written instrument. The parties hereto rely on no representations other than those set forth herein. If any provision of this Sublease or portion of such provision or the application thereof to any person or circumstances is held invalid, the remainder of the Sublease or of such provision and application thereof to other persons and circumstances shall not be affected thereby

This Sublease may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.
Signatures to this Sublease transmitted by telecopy or email shall be valid and effective to bind the party so signing. Each party agrees to promptly deliver an execution original to this Sublease with its actual signature to the other party, but a failure to do so shall not affect the enforceability of this Sublease, it being expressly agreed that each party to this Sublease shall be bound by its own telecopied or emailed signature and shall accept the telecopied or emailed signature of the other party to this Sublease.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the said parties hereunto set their hands and seals this 14th day of June, 2022.

SUBLESSOR:

THE PAUL REVERE LIFE INSURANCE COMPANY

Devin Bloss

By: Devin Bloss (Jun 15, 2022 09:32 EDT)

Name: Devin Bloss

Its: AVP, Strategic Sourcing

SUBLESSEE:

MUSTANG BIO, INC.

By: Manuel B Litchman (Jun 14, 2022 11:48 EDT)

Name: Manuel Litchman

Its: President and Chief Executive Officer

EXHIBIT A

FLOOR PLAN(S) SHOWING SUBLEASE PREMISES ATTACHED TO AND MADE PART OF
THE SUBLEASE BETWEEN THE PAUL REVERE LIFE INSURANCE COMPANY AND MUSTANG BIO, INC.

[**See attached**.]

One Mercantile
4th Floor

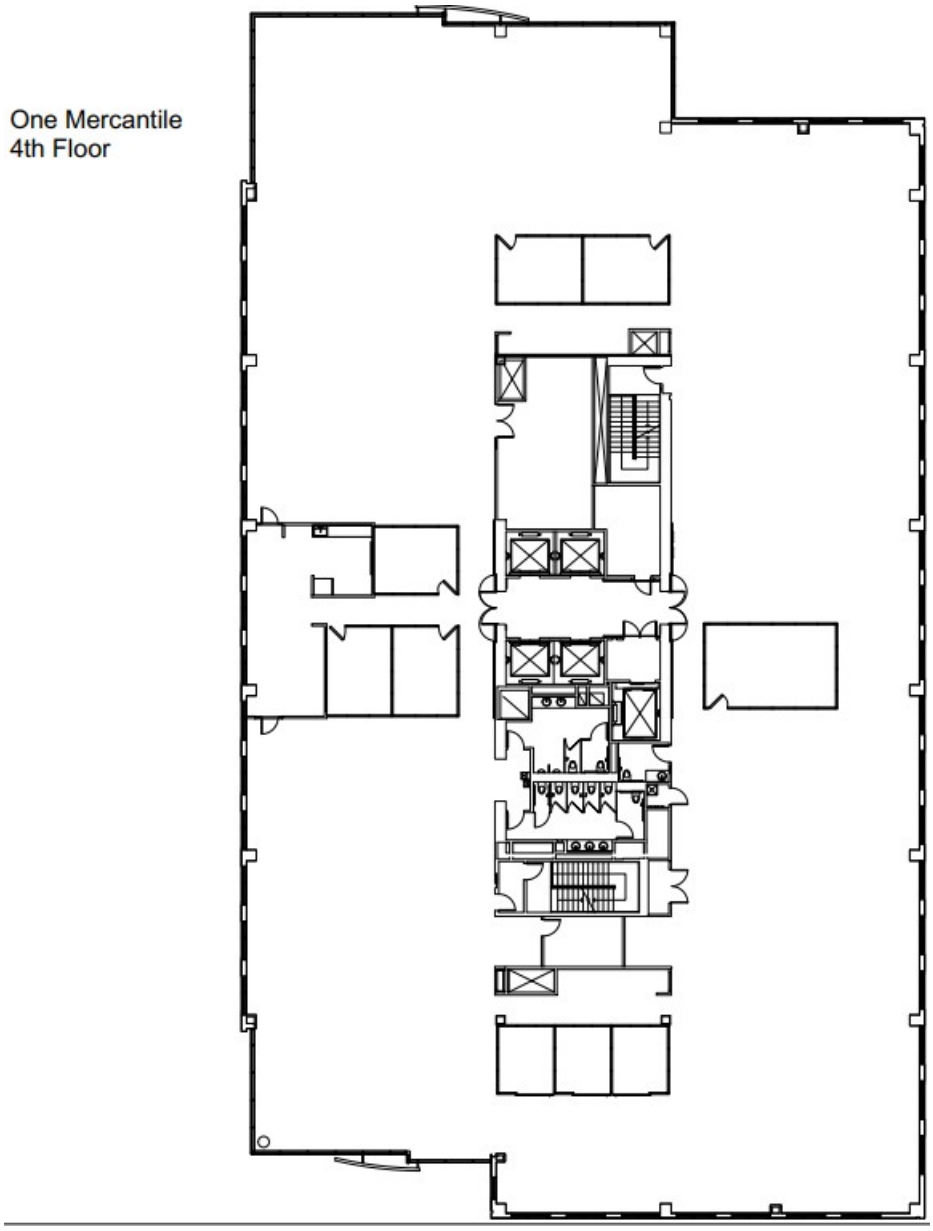


EXHIBIT B

REDACTED COPY OF MASTER LEASE ATTACHED TO AND MADE PART OF
THE SUBLEASE BETWEEN THE PAUL REVERE LIFE INSURANCE COMPANY AND MUSTANG BIO, INC.

**[Note: To be attached.]**

EXHIBIT C

WORK LETTER
ATTACHED TO AND MADE PART OF
THE SUBLEASE BETWEEN THE PAUL REVERE LIFE INSURANCE COMPANY
AND MUSTANG BIO, INC.

1. Sublease: Defined Terms. The Sublease is hereby incorporated by reference to the extent that the provisions of this Work Letter apply thereto. Terms not otherwise defined in this Work Letter shall have the meanings given to them in the Sublease.

2. Sublessee's Work. Sublessee shall, at Sublessee's sole cost and expense (subject to application of the Allowance as provided below) provide all labor, materials, and equipment necessary for Sublessee's initial tenant improvements (the "Sublessee's Work"). The Sublessee's Work constitutes an Alteration under the Master Lease and, in addition, Sublessee's Work shall be treated as constituting a portion of the Tenant's Work and shall comply with the requirements of Section 1.9 of Exhibit FF to the Master Lease and Article 5 of the Master Lease. Sublessee's Work shall comply with Sublessor's sustainability practices and must be in conformance with the United States Green Building Council Leadership in Energy and Environmental Design ("LEED") 2009 criteria for Certified Silver status.

3. Plans and Specifications.

(a) Promptly following the execution of the Sublease, Sublessee, shall cause to be prepared architectural drawings and specifications for Sublessee's Work (the "Preliminary Plans"). MEP/PP plans and specifications shall be performed on a design/build basis by qualified subcontractors and submitted for approval with the Final Plans. The Preliminary Plans shall provide for improvements that (i) satisfy all Requirements (including the Americans with Disabilities Act); (ii) are consistent in quality to the improvements made by Sublessor in the Building; (iii) do not adversely affect the Building or any Building system; and (iv) comply with the Tenant LEED Requirements as set forth in **Exhibit E**. The Preliminary Plans shall be submitted to Sublessor as soon as available, but not later than thirty (30) days following the Commencement Date (the "Plan Submission Date") and shall be subject to Sublessor's and Master Lessor's written approval. The Preliminary Plans must reflect all of the work to be performed as part of Sublessee's Work. Sublessor shall use commercially reasonable efforts to provide Sublessee with any comments or objections to the Preliminary Plans promptly. Sublessor shall either approve such plans and specifications or provide Sublessee with the reasons that Sublessor or Master Lessor is withholding such approval. If Sublessor or Master Lessor does not approve the Preliminary Plans when submitted, Sublessee shall promptly cause its architect to revise the Preliminary Plans in a manner reasonably acceptable to Sublessor and Master Lessor and consistent with such comments, and then resubmit to Sublessor and Master Lessor for approval.

(b) Once Sublessor and Master Lessor have approved the Preliminary Plans, Sublessee shall promptly cause its architect to prepare (and deliver to Sublessor and Master Lessor) complete, detailed working plans and specifications (consistent with the Sublessor and Master Lessor approved Preliminary Plans) sufficient to obtain the necessary building permits

and to then build-out the Sublessee's Work (the "Final Plans"). Such Final Plans must be submitted to Sublessor and Master Lessor for approval by no later than fourteen (14) days after Sublessor's and Master Lessor's approval of the Preliminary Plans. The Final Plans, once approved by Sublessor, will be the plans which Sublessee shall use to complete the Sublessee's Work.

4. Construction.

(a) Upon approval of the Final Plans, Sublessee shall select a general contractor to construct Sublessee's Work. Such selection shall be submitted for approval to Sublessor and Master Lessor in writing (along with information regarding such general contractor's experience and financial capability and the fees which such general contractor has agreed to charge for the Sublessee's Work) by no later than ten (10) days following Sublessor's approval of the Final Plans. Once submitted to Sublessor and Master Lessor, Sublessor shall approve or disapprove such selection (such approval not to unreasonably be withheld) and use commercially reasonable efforts to obtain Master Lessor's approval. If disapproved, Sublessor shall provide the reasons for disapproval in writing to Sublessee whereupon Sublessee shall promptly submit an alternative general contractor for approval, and such process will continue until the Sublessee's contractor has been approved by Master Lessor and Sublessor.

(b) Sublessee's contractor will not be permitted to start construction until: (i) Sublessee has obtained all permits and approvals from applicable governmental authorities and
(ii) Sublessee's contractor has submitted evidence of insurance to Sublessor and Master Lessor in accordance with the requirements of Schedule 1 attached hereto. The Sublessee's Work shall be completed by the selected contractor in a first class and workmanlike manner in accordance with the Final Plans and in compliance with all applicable Requirements. During the performance of the Sublessee's Work, Sublessee will have weekly progress meetings with Sublessor and Master Lessor and their construction representatives to review and inspect the progress of Sublessee's Work. Sublessee shall use commercially reasonable efforts to prosecute the Sublessee's Work such that same is Substantially Completed (as defined below) on or before the Anticipated Commencement Date. The Premises shall be deemed substantially completed ("Substantially Completed" or "Substantially Complete") when Sublessee is in receipt of a Certificate of Occupancy or Temporary Certificate of Occupancy (punchlist items excepted) for the Sublease Premises. Sublessee further agrees to indemnify, defend, and save and hold Sublessor harmless for claims for injuries to persons or damage to the property of others arising from Sublessee's Work except to the extent caused by the gross negligence or willful misconduct of Sublessor, its agents, employees or contractors. Sublessor, in Sublessor's reasonable discretion, may from time to time establish such reasonable rules and regulations for protection of property and the general safety of occupants and invitees of the Building during the construction of the Sublessee's Work. Such rules and regulations shall apply to Sublessee and Sublessee's contractor as though established upon the execution of the Sublease.

(c) Changes in the Sublessee's Work may be accomplished only by a Change Order (defined below) approved by Master Lessor after Sublessor's written request. As used in this Work Letter, a "Change Order" shall mean a written instrument prepared by Sublessee and signed by Master Lessor, Sublessor and Sublessee stating their agreement upon all of the following: (i) the change in the Sublessee's Work; (ii) the extent of the adjustment in the cost of

such Sublessee's Work; and (iii) the extent of the adjustment in the Anticipated Commencement Date, if any.

(d) Approximately three (3) Business Days prior to the date when Sublessee anticipates the Sublessee's Work will be Substantially Completed, Sublessor and Sublessee shall inspect the Sublease Premises. Upon completion of the inspection, unless Sublessor shall notify Sublessee in writing regarding any observed deficiencies in the Sublessee's Work that go beyond punch list items, which notice shall be delivered to Sublessee, if at all, within three (3) Business Days next following Sublessor's inspection, it shall be presumed that the Sublessee's Work is Substantially Completed, except for punch list items. Within three (3) Business Days after the Sublessee's Work is Substantially Completed, Sublessor and Sublessee shall inspect the Sublease Premises, and Sublessor and Sublessee shall agree on a punch list of minor finishing and adjustment which Sublessee has not completed materially in accordance with the Final Plans or which needs to be repaired. Sublessee agrees to complete the items set forth on the punch list within sixty (60) days of receipt of such list. Failure to include an item on the punch list will not diminish the responsibility of Sublessee to complete such Sublessee's Work in accordance with the Final Plans. Sublessee shall provide to Sublessor, or cause Sublessee's contractor to provide to Sublessor, copies of all as built and shop plans, specifications, warranties, operating and maintenance manuals, shop drawings and other documents provided by the Sublessee's contractor concerning the Sublessee's Work within sixty (60) days after the punch-list for the Sublessee's Work is submitted to Sublessor.

5. Allowance and Supervision Fee.

(a) Sublessor shall pay to Sublessee an amount not to exceed Two Hundred Sixty- Five Thousand Thirty and 00/100 Dollars ($265,030.00) (the "Allowance") toward the cost of Sublessee's Work to the extent permitted by the terms of this Section and provided that as of the date on which Sublessor is required to make such payment: (i) this Sublease is in full force and effect, and (ii) no Event of Default then exists. Sublessee shall pay all costs of Sublessee's Work in excess of the Allowance. Sublessor shall pay the Allowance solely on account of plans, designs and specifications commissioned by Sublessee with respect to the completion of the Sublessee Work and hard construction costs and labor directly related to the Sublessee's Work and materials, furniture and equipment approved by Sublessor and delivered to the Sublease Premises in connection with the Sublessee's Work. Any amount of the Allowance which has not been requisitioned by sixty (60) days following the Commencement Date, shall be retained by Sublessor and Sublessee shall have no further right to claim thereto.

(b) Sublessor shall make progress payments on account of the Allowance to Sublessee on a monthly basis, for the Sublessee's Work performed during the previous month, less a retainage ("Retainage") equal to five percent (5%) of the total contract price. Sublessor's progress payments shall be equal to 100% of the amounts owed by Sublessee under the contract less Retainage. Such progress payments shall be made payable directly to Sublessee or contractor (at Sublessor's election) within thirty (30) days following the delivery to Sublessor of requisitions therefor. Each such requisition shall be executed by a duly authorized officer of Sublessee, and shall be accompanied by (i) with the exception of the first requisition, copies of partial waivers of lien from all contractors, subcontractors, and material suppliers covering all work and materials which were the subject of previous progress payments by Sublessor, (ii) a

certification from Sublessee's architect and contractor on completed AIA Forms G702 and G703, (iii) a requisition certificate substantially in the form of the Requisition Certification attached hereto as Schedule 2 and incorporated herein by this reference and (iv) such additional information as may be reasonably required by Sublessor in accordance with commercially reasonable construction lending requirements. Sublessor shall hold such Retainage and disburse the Retainage, or portions thereof as requisitioned by Sublessee from time to time on account of subcontractors who have completed their respective portions of the job, upon submission by Sublessee to Sublessor of Sublessee's requisition therefor accompanied by all documentation required under the foregoing provisions of this Section, together with (A) proof of the satisfactory completion of all required inspections and issuance of any required approvals, permits and sign offs for the work of such subcontractor, or with respect to the work of the Sublessee's general contractor, the Sublessee's Work, by governmental authorities having jurisdiction thereover (including issuance of the Certificate of Occupancy), and (B) issuance of final lien waivers by all contractors, subcontractors and material suppliers covering all of the Sublessee's Work or the portion thereof as applicable (which final lien waivers may be conditioned upon, or delivered concurrent with, payment of such Retainage). In addition, concurrent with the final requisition for the Retainage, Sublessee shall submit "as-built" plans and specifications for the Sublessee's Work. The right to receive the Allowance is for the exclusive benefit of Sublessee, and in no event shall such right be assigned to or be enforceable by or for the benefit of any third party, including any contractor, subcontractor, materialman, laborer, architect, engineer, attorney or other person or entity (excepting only a permitted assignee of Sublease).

(c) Sublessee shall pay on demand to Sublessor a construction supervision fee in the amount of four percent (4%) of the total cost of constructing Sublessee's Work.

6. Sublessee Work Standards. Sublessee shall cause the Sublessee Work to be done in a good and workmanlike manner in conformity with all applicable Requirements and insurance underwriters. Sublessee shall secure and pay for all permits and fees, licenses, and inspections necessary for the proper execution and completion of the Sublessee Work. Sublessee shall comply with and give all notices required by all applicable federal, state and local laws, ordinances and building codes, and requirements of public authorities and insurance underwriters. Sublessee shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with performance of the Sublessee Work. Sublessee shall procure insurance of the types and coverage amounts required pursuant to the Sublease or as otherwise may be appropriate given the nature and extent of Sublessee Work. Sublessee shall be responsible for the removal of all debris within and adjacent to the Sublease Premises created by Sublessee Work. All Sublessee Work shall be performed in a manner and by contractors who shall not interfere with the use of the Building by other tenants or disturb harmonious labor relations with Sublessor's employees, agents, contractors or subcontractors. In the event that Sublessee, its employees, agents, contractors or subcontractors conflict with or interfere with labor employed by Sublessor, its contractors or subcontractors, or in the event that any work stoppages, jurisdictional labor dispute or other interference with Sublessor, or Sublessor's employees, agents, contractors or subcontractors occurs, of which Sublessor shall be the sole and absolute judge, Sublessor shall have the right to require Sublessee, upon written demand, to remove or cause the removal forthwith of all Sublessee's contractors and

subcontractors from the Premises, and Sublessee agrees to comply with such demand immediately.

Schedule 1

Contractor Insurance Requirements

The following must be named as additional insureds:

THE PAUL REVERE LIFE INSURANCE COMPANY ONEMERC LLC

Each contractor and subcontractor must provide coverage in an amount equal to or greater than those provided below:

| | |
|---|---|
| **Comprehensive General Liability**: | $1,000,000 Each Occurrence<br>$2,000,000 General Aggregate |
| **Automobile Liability Policy** | $1,000,000 Owned, Non-owned & Hired Vehicles:<br>Bodily Injury and Property Damage<br>Combined Single Limit |
| **Umbrella Liability** | $5,000,000 |
| **Worker's Compensation:**<br>Coverage A (Worker's Compensation) | $500,000.00 Coverage B (Employer's Liability) $500,000.00 |

In addition to the above, Sublessor requires notification, in writing, TEN (10) days prior to policy cancellation for any reason.

Schedule 2

Form of Requisition Certification

In connection with that certain Sublease dated _____, 2022 (the "Sublease"), by and between The Paul Revere Life Insurance Company (the "Sublessor"), and Mustang Bio, Inc. (the "Sublessee") with respect to the improvement of the Sublease Premises located within the Building at One Mercantile Place in Worcester, Massachusetts (the "Project") (capitalized terms appearing but not defined herein shall have the meanings ascribed to such terms in the Sublease), Sublessee hereby certifies as follows with respect to Draw Request #_ :

a. To the knowledge of the undersigned, at the date hereof no suit or proceeding at law or in equity, and no notice has been received that any investigation or proceeding of any governmental body has been instituted or is threatened against Sublessee for matters directly relating to the Sublease Premises except for the following: none.

b. The labor, materials, equipment, work, services and supplies described herein have been performed upon or furnished to the Sublease Premises in full accordance with the Final Plans for Sublessee's Work.

c. All bills for labor, materials, equipment, work, services and supplies furnished in connection with the Project, which could give rise to a mechanic's lien if unpaid, have been paid, will be paid out of the requested advance or are not yet due and payable.

d. All claims for mechanic's liens to the extent of sums billed and paid for labor, materials, equipment, work, services or supplies furnished in connection with the Project through the last day of the period covered by the requested advance have been effectively waived in writing, or will be effectively waived in writing when payment is made, and such written waivers from the contractor shall be delivered prior to the next advance or final advance for the Project.

e. All funds advanced under the Allowance to date have been utilized as specified in the Draw Requests pursuant to which the same were advanced, exclusively to pay costs incurred for or in connection with the Sublessee's Work at the Project, and no portion of the Allowance that has been paid to Sublessee has been paid for labor, materials, equipment, work, services or supplies incorporated into or employed in connection with any project other than the Project. The undersigned further represents that all funds covered by this Draw Request are for payment for labor, materials, equipment, work, services or supplies furnished solely in connection with the Project.

The advances and disbursements on the attached sheets are hereby approved and authorized.

Date: _____ MUSTANG BIO, INC.

By: Its:

EXHIBIT D

RULES AND REGULATIONS
ATTACHED TO AND MADE PART OF
THE SUBLEASE BETWEEN THE PAUL REVERE LIFE INSURANCE COMPANY
AND MUSTANG BIO, INC.

1. Tenant shall not make any room-to-room canvas to solicit business from other tenants in the Building and shall not exhibit, sell or offer to sell, use, rent or exchange any item or services in or from the Leased Premises unless ordinarily included within Tenant's use of the Leased Premises.
2. Tenant shall not make any use of the Leased Premises which may be dangerous to person or property or which shall increase the cost of insurance or require additional insurance coverage.
3. Tenant shall not paint, display, inscribe or affix any sign, picture, advertisement, notice, lettering or direction or install any lights on any part of the outside or inside of the Building, other than the Leased Premises, and then not on any part of the inside of the Leased Premises which can be seen from outside the Leased Premises, except as approved by Landlord in writing.
4. Tenant shall not use the name of the Building in advertising or other publicity, except as the address of its business, and shall not use pictures of the Building in advertising or publicity.
5. Tenant shall not obstruct or place objects on or in sidewalks, entrances, passages, courts, corridors, vestibules, halls, elevators and stairways in and about the Building. Tenant shall not place objects against glass partitions or doors or windows or adjacent to any open common space which would be unsightly from the Building corridors or from the exterior of the Building.
6. Bicycles shall not be permitted in the Building.
7. Tenant shall not allow any animals, other than Seeing Eye dogs and service animals, in the Leased Premises or the Building.
8. Tenant shall not disturb other tenants or make excessive noises, cause disturbances, create excessive vibrations, odors or noxious fumes or use or operate any devices that play loud or offensive music or emit excessive sound waves or are dangerous to other tenants of the Building or that would interfere with the operation of any device or equipment or radio or television broadcasting or reception from or within the Building or elsewhere, and shall not place or install any projections, antennae, aerials or similar devices outside of the Building or the Leased Premises.
9. Tenant shall not waste electricity or water and shall cooperate fully with Landlord to assure the most effective operation of the Building's heating and air conditioning systems, and shall refrain from attempting to adjust any controls except for the thermostats within the Leased Premises. Tenant shall keep all doors to the Leased Premises closed when not in use.
10. Landlord shall furnish an access card for the main entrance and Common Areas to the Building for each of Tenant's employees at the then-current rate charged by Landlord. Tenant and Tenant's employees shall not give their building access cards to any other individual. Tenant and Tenant's employees shall not piggyback or allow other individuals to piggyback through access-controlled building entrances. When a Tenant's employee

ceases to work at the Leased Premises, Tenant shall require such employee to return the access card, and Tenant shall notify Landlord of such in order to allow Landlord to deactivate such access card. When the Lease is terminated, Tenant shall deliver all access cards to Landlord, will deactivate the access key or other security system for the doors to the Leased Premises, and will provide to Landlord the means of opening any safes, cabinets or vaults left in the Leased Premises.

11. Tenant shall not install any signal, communication, alarm or other utility or service system or equipment without the prior written consent of Landlord.
12. Tenant shall not use any draperies or other window coverings instead of or in addition to the Building standard window coverings designated and approved by Landlord for exclusive use throughout each Building.
13. Landlord may require that all persons who enter or leave the Building identify themselves to building management/Landlord personnel by registration or otherwise. Landlord, however, shall have no responsibility or liability for any theft, robbery or other crime in the Building. Tenant shall assume full responsibility for protecting the Leased Premises, including keeping all doors to the Leased Premises locked after the close of business. Tenant shall comply with any and all written security procedures promulgated by Landlord from time to time.
14. Tenant shall not overload floors; and Tenant shall obtain Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed (provided that Tenant shall be responsible for the cost of any changes to the Building or Leased Premises required because of the installation of any such objects), as to size, maximum weight, routing and location of business machines, safes, and heavy objects. Tenant shall not install or operate machinery or any mechanical devices of a nature not directly related to Tenant's ordinary use of the Leased Premises.
15. In no event shall Tenant bring into the Building flammables such as gasoline, kerosene, naphtha and benzene, or explosives or firearms or any other articles of an intrinsically dangerous nature.
16. Furniture, equipment and other large articles may be brought into the Building only at the time and in the manner designated by Landlord. At no time, furniture equipment and other large articles shall not be brought through the revolving doors at the building entrances. Tenant shall furnish Landlord with a list of furniture, equipment and other large articles which are to be removed from the Building. Movements of Tenant's property into or out of the Building and within the Building are entirely at the risk and responsibility of Tenant. Tenant shall be responsible for damage to the Building arising from such movement activity.
17. No person or contractor, unless approved in advance by Landlord, shall be employed to do janitorial work, interior window washing, cleaning, decorating or similar services in the Leased Premises.
18. Tenant shall not use the Leased Premises for lodging, cooking (except for microwave reheating and coffee makers) or manufacturing or selling any alcoholic beverages or for any illegal purposes.
19. Tenant shall cooperate and participate in all security health, safety and well-being programs affecting the Building.
20. Tenant shall not loiter, eat, drink, sit or lie in the lobby or other public areas in the Building. Tenant shall not go onto the roof of the Building or any other non-public areas

of the Building (except the Leased Premises), and Landlord reserves all rights to control the public and non-public areas of the Building. In no event shall Tenant have access to any electrical, telephone, plumbing or other mechanical closets without Landlord's prior written consent.

21. Tenant shall not use the freight or passenger elevators, loading docks or receiving areas of the Building except in accordance with regulations for their use established by Landlord.
22. Tenant shall not dispose of any foreign substances in the toilets, urinals, sinks or other washroom facilities, nor shall Tenant permit such items to be used other than for their intended purposes; and Tenant shall be liable for all damage as a result of a violation of this rule.
23. Tenant acknowledges that the Real Property is a non-smoking campus.
24. Tenant and Tenant's employees may park in the spaces identified as Tenant parking. Tenant's guests and invitees may park in the spaces identified as "Visitor Parking". Landlord shall have no liability for theft or damage of/from/to any Vehicles parked on the Real Property. Tenant's employees shall not park in spaces identified as "Visitor Parking".
25. Consumption of alcohol is strictly forbidden in all Common Areas and the parking garage.
26. Tenant and Tenant's employees shall not wear any clothing that contains offensive language or is considered inappropriate at all times while in Common Areas. Examples of inappropriate clothing includes, but not limited to, clothing that is too tight, short or revealing, clothing that is frayed or torn, clothing that is not cleaned, t-shirts or clothing that contains logos or slogans that would be deemed offensive to other building occupants or tenants.
27. Tenant and Tenant's employees shall follow all posted speed limits in parking lots, access roads and parking garages. Tenant and Tenant's employees shall obey all directional signage posted in parking lots, access roads and parking garages.
28. Tenant and Tenant's employees shall not bring any illegal or illicit drugs, or drug paraphernalia onto the Landlord's property.

EXHIBIT E

OPERATION AND MAINTENANCE GUIDELINES
ATTACHED TO AND MADE PART OF
THE SUBLEASE BETWEEN THE PAUL REVERE LIFE INSURANCE COMPANY
AND MUSTANG BIO, INC.

OPERATION AND MAINTENANCE GUIDELINES

1. Sublessee shall comply with all applicable provisions of (i) the LEED CS Matrix for Base Building attached as Exhibit P-1 to the Master Lease and (ii) the LEED CI Matrix for Tenant's Work attached as Exhibit P-2 to the Master Lease (copies of which are attached hereto), as the same may be amended from time to time.

2. Sublessee shall comply with the following "Tenant LEED Requirements", as the same may be amended from time to time:

**Minimum Program Requirement:**
Tenants shall share any energy and water usage data which it may have for a period of at least five years.

**EAp3: Fundamental Refrigerant Management**
All Tenant installed mechanical cooling equipment will comply with the requirements of EAp3. There will be zero use of CFC-based refrigerants in all tenant-installed new mechanical cooling equipment.

**IEQp1: Minimum IAQ Performance**
All HVAC systems designed and installed by the Tenant shall meet the minimum requirements of sections 4 through 7 of ASHRAE Standard 62.1-2007. In the event any base building system provided by the Landlord that needs modification to meet the minimum requirements of sections 4 through 7 of ASHRAE 62.1-2007 shall be the responsibility of the Tenant. Tenant shall provide ventilation calculations for all base building systems serving Tenant areas as well as Tenant systems serving Tenant areas. Tenant shall utilize the "62MZCalc" spreadsheet for calculations provided to the Landlord for review and acceptance.

**IEQc1: Outdoor Air Delivery Monitoring**
Tenant shall provide CO2 monitoring control within all densely occupied spaces. Densely occupied space would apply to space with a density equal to or greater than 25 people per 1000 square feet. Tenant shall install CO2 monitors between 3 and 6 feet above finished floor. In the event a Tenant installs additional air handling systems such system shall be provided with a direct outdoor air monitoring device measuring the minimum outdoor air intake flow with an accuracy of +/- 15 percent of the design outdoor air rate minimum as defined by ASHRAE 62.1-2007 (with errata but without addenda) for each mechanical ventilation system where 20 percent or more of the design supply airflow serves non densely occupied spaces. All tenant installed CO2 control

systems shall be of permanent type to ensure that all minimum ventilation requirements are maintained. Monitoring equipment shall alarm to a building operator through the building automation control system in the event airflow values or CO2 levels vary by 10 percent or more from the designed value.

**IEQc5: Indoor Chemical & Pollutant Source Control**
Employ permanent entryway systems at least 10 feet long in the primary direction of travel to capture dirt and particulates entering the building at regularly used exterior entrances. Acceptable entryway systems include permanently installed grates, grills and slotted systems that allow for cleaning underneath. Roll-out mats are acceptable only when maintained on a weekly basis by a contracted service organization.

**IDc1.1: Innovation in Design: Fundamental & enhanced commissioning required for all tenant spaces**
Implement fundamental and enhanced commissioning process activities in accordance with the requirements listed under EA Prerequisite 1 and EA Credit 3 in the LEED Reference Guide for Green Building Design and Construction, 2009 Edition.

**IDc1.4: Innovation in Design: Green Housekeeping**
Tenants will implement a Green Cleaning Policy that complies with LEED 2009 for Existing Buildings: Operations and Maintenance, IEQ pre-requisite 3.

**IDc1.5: Innovation in Design: IAQ Plan for 100% of Tenants**
Develop and implement a construction indoor air quality management plan for the construction and preoccupancy phase of the tenant space as follows and as per IEQ Credit 3:

· During construction, meet or exceed the recommended control measures of the Sheet Metal and Air Conditioning National Contractors Associations (SMACNA) IAQ Guidelines for Occupied Buildings under Construction, 2nd Edition 2007, ANSI/SMACNA 008-2008 (Chapter 3).

· Protect stored on-site and installed absorptive materials from moisture damage. If permanently installed air handlers are used during construction, filtration media with a minimum efficiency reporting value (MERV) of 8 must be used at each return air grille, as determined by ASHRAE Standard 52.2-1999 (with errata but without addenda). Replace all filtration media immediately prior to occupancy.

3. Sublessee shall comply with the following “Green Cleaning Requirements”, as the same may be amended from time to time:

***Green Cleaning Program Overview***

To demonstrate its commitment to sustainable greening of the Building, Sublessor has made efforts to implement a green cleaning program. Sublessee shall perform green cleaning of the Sublease Premises. The program listed in the remainder of this section is a fully comprehensive green cleaning program that is consistent with USGBC’s LEED rating system.

***Purpose of Green Cleaning***

Many janitorial cleaning products have been shown to degrade indoor air quality, pollute the water and negatively impact the health of sensitive occupants. In an effort to maintain a clean Building, janitors often use harsh solutions that, while disinfecting the Building, contaminate the indoor air. It is Sublessor's desire to maintain both a clean Building and a healthy environment for its occupants and Sublessor is therefore committed to the Green Cleaning Practices in this policy.

***Sublessee Participation***

The following elements will be incorporated into the cleaning process: green product specification, staff training, solution storage, dilution and safe handling and equipment specifications. Sublessee agrees to comply with the cleaning program.

***Low Environmental Impact Cleaning Policy:***

***Hand Hygiene***

Sublessee shall promote healthy hand hygiene by providing soap and soap dispensers in restrooms, break rooms and other areas in the Sublease Premises.

***Chemical Storage Guidelines***

Sublessee must comply with Sublessor's program to reduce the exposure of the Building occupants to potentially dangerous chemical, biological and particle contaminants which adversely impact air quality, health and the environment.

1. Any chemical stored in Sublease Premises must be in a locked container which encloses the liquid cleaning products and delivers out proper specified measurement for dilution.
2. The solutions used by Sublessee must be stored in a janitor's closet(s), and the janitorial staff must follow these guidelines:
    a. Material Safety Data Sheets (MSDS) for all chemicals and cleaning products must be available to all employees and stored on site with the chemicals (Sublessee Personnel are trained on MSDS and chemical handling annually);
    b. All containers must be properly labeled to be easily identifiable;
    c. All cleaning products must be properly and safely stored, and no liquids will be placed on shelves above eye level;
    d. Sublessee Personnel must use appropriate personal protective equipment when required (e.g. gloves, proper footwear, etc.);
    e. Chemical dilution systems must be adhered to; and

f. Unnecessary amounts of chemicals should not be stored in the janitor's closet(s).

***Special Treatment of Carpets***

Carpet can be a source of biopollutants, dust and volatile organic compounds (VOCs). Pesticides and cleaning products (such as stain removers) that remain on the carpet after initial application can volatilize (rise up into the air) over time and contaminate the indoor air. The following carpet treatment guidelines will mitigate the need for carpet cleaning solutions through both preventive and prescriptive treatment:

1. Prevent stains.
    a. Clean up spills promptly using cold water and one or more blotting cloths
    b. Make a spill kit available to occupants
2. Promptly clean and thoroughly dry carpets if they should become saturated with water; quick action following a leak or other water damage may prevent carpet loss and the growth of mold and/or mildew. (Do not attempt to clean a moldy carpet without proper protective equipment, clothing, respirators and air filters. Special training may be required to adequately deal with a water- soaked carpet.)

***Reducing Microbial Growth through Proper Cleaning***

The following are basic guidelines to minimize the need for antimicrobial products at the Building:

1. Clean first and then apply disinfectant
    a. Most disinfectants are not cleaners and are usually only effective on a clean surface
    b. Wait the recommended time before rinsing the antimicrobial solution from the surface (usually at least 10 minutes)
2. Use disinfectants only when and where required; ordinary detergents should remove more microbes than disinfectants
3. Change mop heads and sponges daily and properly dispose
4. Change cleaning water frequently (water used in mop buckets, etc.); do not waste water by overfilling mop buckets, etc.
5. Intentionally clean areas where water collects and condenses; areas such as refrigerator and air conditioner pans as well as air cleaner/humidifier machines

6. Use a drain maintainer (containing enzymes) if drains clog or have an odor

***Janitorial Training Requirements***

Sublessee will provide training of Sublessee Personnel in the hazards, use, maintenance and disposal of cleaning chemicals, dispensing equipment and packaging. Documentation of the training sessions, attendees and topics covered shall be submitted to Sublessor upon request by Sublessor.

1. Basic Janitorial Training
    a. Janitorial workers should receive basic training, including the Green Cleaning specifications delineated in Sublessor's Green Cleaning Policy
    b. An average of 8 hours of training per custodian per year is required
2. Training Specifications
    a. Material safety data sheets (MSDS)
    b. Compliance with the Green Seal standard of GS – 37
    c. Use and wear of Personal Protective Equipment
    d. Custodians should be informed of Sublessor's product reporting requirements; all cleaning products which are not on the GS-37 list must be approved by Sublessor Personnel
3. Provide Sublessor with monthly training logs indicating the attendees and the training topic

***Green Cleaning Materials Policy***

Sublessee will implement a sustainable program for the purchase of cleaning materials and products that reduce the environmental impact of its janitorial activities.

To the extent practical, no cleaning or disinfecting products should contain ingredients that are carcinogens, mutagens or teratogens. These include chemicals listed by the U.S. EPA or the National Institute for Occupational Safety and Health on the Toxics Release Inventory (40 CFR, Section 372, Subpart D). If such products containing these toxic chemicals must be used (cleaning solutions for specific equipment, etc.), only the minimum amounts should be used, and the product must be disposed of properly. A complete list of toxic chemicals is maintained by the U.S. EPA and can be found at the Toxic Release Inventory at www.epa.gov/tri/chemical. It is recommended that the cleaning products used by Sublessee at the Building must meet the Green Seal standard of GS-37. The Green Seal Organization offers extensive information regarding the GS- 37 standard on their website www.greenseal.org/certification/environmental.cfm. A complete listing of Green Seal certified products is maintained by the Green Seal organization and can be found at www.greenseal.org/findaproduct/index.cfm.

***Low Environmental Impact Cleaning Equipment Policy***

Sublessee must implement an equipment program to reduce building contaminants with minimum environmental impact. Sublessee should purchase cleaning equipment that meets the following requirements:

- Vacuum cleaners meet the requirements of the Carpet & Rug Institute "Green Label" Testing Program – Vacuum Cleaner Criteria and are capable of capturing 96% of particulates 0.3 microns in size and operates with a sound level less than 70dBA.
- Hot water extraction equipment for deep cleaning carpets is capable of removing sufficient moisture such that the carpets can dry in less than twenty- four (24) hours (not applicable – restorative carpet care is provided by Sublessee).
- Powered maintenance equipment including floor buffers, floor burnishers and automatic scrubbers are equipped with vacuums, guards and/or other devices for capturing fine particulates and shall operate with a sound level less than 70dBA. Provide cut sheets on the vacuum equipment used on the Building to confirm compliance with this requirement.
- Propane-powered floor equipment has high-efficiency, low-emission engines.
- Automated scrubbing machines are equipped with variable-speed feed pumps to optimize the use of cleaning fluids.
- Battery-powered equipment is equipped with environmentally preferable gel batteries.
- Where appropriate, active micro fiber technology is used to reduce cleaning chemical consumption and prolong life of disposable scrubbing pads.
- Powered equipment is ergonomically designed to minimize vibration, noise and user fatigue.
- Equipment has rubber bumpers to reduce potential damage to building surfaces.
- A log will be kept on-site for <u>all</u> powered housekeeping equipment to document the date of equipment purchase and all repair and maintenance activities and include subcontractor cut sheets for each type of equipment in use in the logbook. All equipment shall be in new condition and meet the green cleaning requirements.
- No equipment may be brought on site unless it has been approved by Sublessor

***Reporting***

Sublessee must provide documentation of its comprehensive green cleaning program and must also provide written updates, including a monthly record of supply purchases (indicating compliance with the GS-37 Standard), equipment purchases and training on at least a quarterly basis.

Sublessee should keep an ongoing log book that documents Sublessee's compliance with all green cleaning requirements (supplies purchased, current equipment, MSDS sheets, equipment repairs, equipment taken out of service, new equipment brought on site during

the term of the Sublease, training topics/dates/sign-off sheets, entryway cleaning log and any other green cleaning requirements stated in this Sublease).

***Applying Green Cleaning to the Specifications***

The Low Environmental Impact Cleaning requirements, the Green Cleaning Materials requirements and the Low Environmental Impact Cleaning Equipment requirements are to be applied by Sublessee in addition to any Standard (Base) Cleaning Specification required by Sublessor.

For example, the task "clean door glass and other adjacent glass areas" must be performed using a chemical that meets the Green Seal GS-37 Standard and microfiber technology in lieu of paper products when possible. The task "fully vacuum all carpeted areas from wall to wall including walk-off mats and edges" must be performed with a vacuum cleaner that captures 96% of particulates 0.3 microns in size and operates with a sound level less than 70dBA.

***Quality Control Measures***

Sublessor is committed to maintaining the Building in an environmentally preferable way that will benefit the health of the occupants, visitors, maintenance personnel and the natural environment. To this end, Sublessor routinely evaluates the successes and shortcomings of all employed practices and makes immediate alterations accordingly. Building and site walk-throughs are completed routinely by Sublessor Personnel to ensure adoption and proper application. A cleaning audit is conducted routinely to assess the quality of the custodial services. Occupants are highly encouraged to report any outstanding custodial issues to the Sublessee. New technologies for environmentally sensitive cleaning will be continuously monitored and assessed as they become available and adopted when they are applicable. Similarly, this policy will be updated as needed to ensure that current and successful procedures are being carried out. As such, this policy is applicable as of the Effective Date of the Sublease until an updated version is drafted when deemed necessary.

**EXHIBIT P-1**

**LEED CS MATRIX FOR BASE BUILDING**

[See Attached.]

# LEED-CS

## LEED-CS 2009 Preliminary Checklist

Project Name: City Square Building H
Project Location: 1 Mercantile St Worcester, MA

19-Aug-09

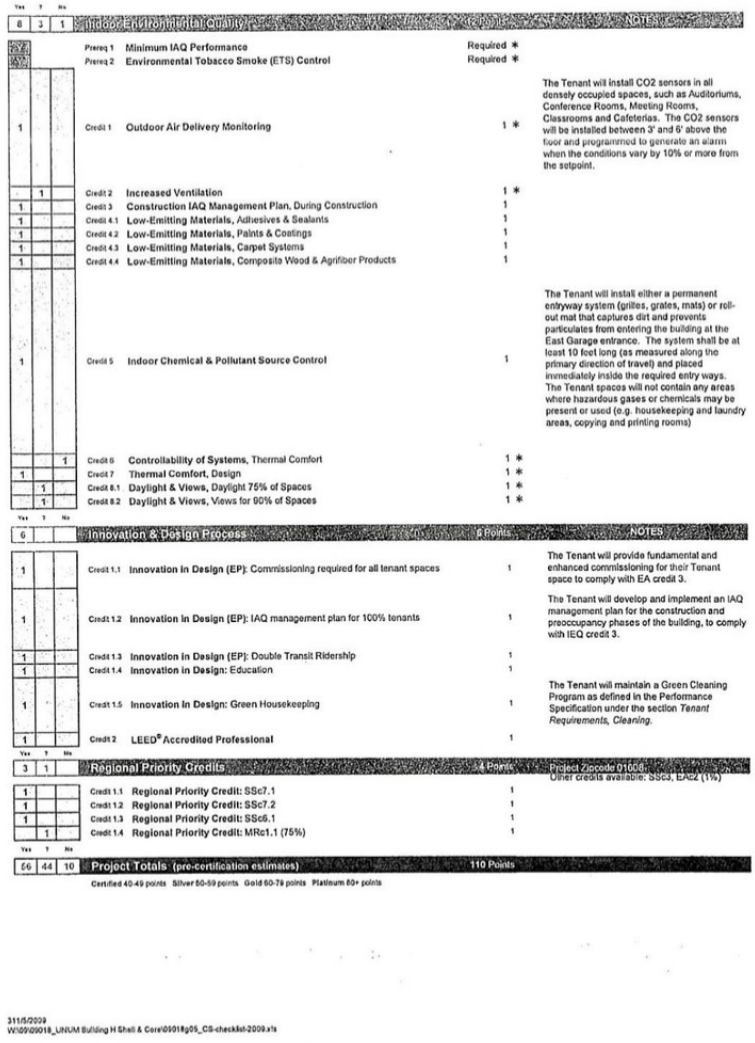
| | | | Minimum Program Requirements | | | Notes |
|---|---|---|---|---|---|---|
| | | | Pilot | Sharing whole-building energy and water usage data | Required | The Tenant will share with Berkeley, USGBC and the GBCI all available actual whole-project energy and water usage data for their Tenant space for a period of at least 5 years. It is understood that this period starts on the date Tenant occupancy. Sharing this data includes supplying information on a regular basis in a free, accessible, and secure online tool or, if necessary, taking any action to authorize the collection of information directly from service or utility providers. |

| Yes | ? | No | Sustainable Sites | 26 Points | Notes |
|---|---|---|---|---|---|
| | | | Prereq 1 Construction Activity Pollution Prevention | Required | |
| 1 | | | Credit 1 Site Selection | 1 | |
| 5 | | | Credit 2 Development Density & Community Connectivity | 5 * | |
| | 1 | | Credit 3 Brownfield Redevelopment | 1 * | |
| 6 | | | Credit 4.1 Alternative Transportation, Public Transportation Access | 6 * | |
| 2 | | | Credit 4.2 Alternative Transportation, Bicycle Storage & Changing Rooms | 2 * | The Tenant will provide showers and changing facilities inside their Tenant space for 0.5% of full-time equivalent (FTE) occupants. These occupants are defined as Unum employees and other office building tenants, but not the retail tenant on the first floor. |
| 3 | | | Credit 4.3 Alternative Transportation, Low-Emitting and Fuel-Efficient Vehicles | 3 | |
| 2 | | | Credit 4.4 Alternative Transportation, Parking Capacity | 2 * | |
| | | 1 | Credit 5.1 Site Development, Protect of Restore Habitat | 1 | |
| | 1 | | Credit 5.2 Site Development, Maximize Open Space | 1 | |
| 1 | | | Credit 6.1 Stormwater Design, Quantity Control | 1 | |
| | | 1 | Credit 6.2 Stormwater Design, Quality Control | 1 | |
| 1 | | | Credit 7.1 Heat Island Effect, Non-Roof | 1 * | |
| 1 | | | Credit 7.2 Heat Island Effect, Roof | 1 | |
| 1 | | | Credit 8 Light Pollution Reduction | 1 | |
| 1 | | | Credit 9 Tenant Design and Construction Guidelines | 1 | |

| Yes | ? | No | Water Efficiency | 10 Points | NOTES |
|---|---|---|---|---|---|
| | | | Prereq 1 Water Use Reduction, 20% Reduction | Required * | |
| 2 | | | Credit 1.1 Water Efficient Landscaping, Reduce by 50% | 2 * | |
| 2 | | | Credit 1.2 Water Efficient Landscaping, No Potable Use or No Irrigation | 2 * | |
| | 2 | | Credit 2 Innovative Wastewater Technologies | 2 * | |
| 3 | | 1 | Credit 3 Water Use Reduction | 2 to 4 * | |
| | | | 30% Reduction | 2 | |
| | | | 35% Reduction | 3 | |
| | | | 40% Reduction | 4 | |

| Yes | ? | No | Energy & Atmosphere | 35 Points | NOTES |
|---|---|---|---|---|---|
| Y | | | Prereq 1 Fundamental Commissioning of the Building Energy Systems | Required | *(ALL BLANKS ARE EXPECTED TO BE FILLED IN PRIOR TO THE LEASE SIGNING)* The Tenant will provide the following energy savings within the Commercial Interior work: 1) Reduce the lighting power density to 20% below ASHRAE 90.1 - 2007. The Lighting Power Density in the office areas shall not exceed: __ W/ft$^2$. 2) Provide occupancy sensors and daylight dimming controls in all Tenant spaces. 3) Reduce the design airflow rate of the floor-by-floor AHUs to ___ cfm/ft$^2$. 4) provide demand controlled ventilation controls in the floor-by-floor AHU's and $CO_2$ sensors in the main occupied areas of the Tenant space. 5) Plug loads for the Tenant office spaces shall not exceed __W/ft$^2$. |
| Y | | | Prereq 2 Minimum Energy Performance: 10% New Buildings | Required | |
| Y | | | Prereq 3 Fundamental Refrigerant Management | Required | All Tenant installed mechanical cooling equipment will comply with the requirements of EAp3. There will be zero use of CFC-based refrigerants in all tenant-installed new mechanical cooling equipment. |
| | 21 | | Credit 1 Optimize Energy Performance | 3 to 21 | |
| | 4 | | Credit 2 On-Site Renewable Energy | 4 * | |
| 2 | | | Credit 3 Enhanced Commissioning | 2 | |
| | 2 | | Credit 4 Enhanced Refrigerant Management | 2 | |
| | 3 | | Credit 5.1 Measurement & Verification - Base Building | 3 | |
| | 3 | | Credit 5.2 Measurement & Verification - Tenant Sub Metering | 3 * | |
| | 2 | | Credit 6 Green Power | 2 | |

| Yes | ? | No | Materials & Resources | 13 Points | NOTES |
|---|---|---|---|---|---|
| Y | | | Prereq 1 Storage & Collection of Recyclables | Required | |
| | | 5 | Credit 1.1 Building Reuse, Maintain % of Existing Walls, Floors & Roof | 1 to 5 * | |
| | | | Maintain 25% of Existing Walls, Floors & Roof | 1 | |
| | | | Maintain 33% of Existing Walls, Floors & Roof | 2 | |
| | | | Maintain 42% of Existing Walls, Floors & Roof | 3 | |
| | | | Maintain 50% of Existing Walls, Floors & Roof | 4 | |
| | | | Maintain 75% of Existing Walls, Floors & Roof | 5 | |
| 1 | | | Credit 2.1 Construction Waste Management, Divert 50% from Disposal | 1 | |
| 1 | | | Credit 2.2 Construction Waste Management, Divert 75% from Disposal | 1 | |
| | | 1 | Credit 3 Materials Reuse, 5% | 1 | |
| 1 | | | Credit 4.1 Recycled Content, 10% (post-consumer + ½ pre-consumer) | 1 | |
| 1 | | | Credit 4.2 Recycled Content, 20% (post-consumer + ½ pre-consumer) | 1 | |
| 1 | | | Credit 5.1 Regional Materials, 10% Extracted, Processed & Manufactured Regionally | 1 | |
| | 1 | | Credit 5.2 Regional Materials, 20% Extracted, Processed & Manufactured Regionally | 1 | |
| 1 | | | Credit 6 Certified Wood | 1 | |



| Yes | ? | No | Indoor Environmental Quality | | NOTES |
|---|---|---|---|---|---|
| | | | Prereq 1 Minimum IAQ Performance | Required * | |
| | | | Prereq 2 Environmental Tobacco Smoke (ETS) Control | Required * | |
| 1 | | | Credit 1 Outdoor Air Delivery Monitoring | 1 * | The Tenant will install CO2 sensors in all densely occupied spaces, such as Auditoriums, Conference Rooms, Meeting Rooms, Classrooms and Cafeterias. The CO2 sensors will be installed between 3' and 6' above the floor and programmed to generate an alarm when the conditions vary by 10% or more from the setpoint. |
| | 1 | | Credit 2 Increased Ventilation | 1 * | |
| 1 | | | Credit 3 Construction IAQ Management Plan, During Construction | 1 | |
| 1 | | | Credit 4.1 Low-Emitting Materials, Adhesives & Sealants | 1 | |
| 1 | | | Credit 4.2 Low-Emitting Materials, Paints & Coatings | 1 | |
| 1 | | | Credit 4.3 Low-Emitting Materials, Carpet Systems | 1 | |
| 1 | | | Credit 4.4 Low-Emitting Materials, Composite Wood & Agrifiber Products | 1 | |
| 1 | | | Credit 5 Indoor Chemical & Pollutant Source Control | 1 | The Tenant will install either a permanent entryway system (grilles, grates, mats) or roll-out mat that captures dirt and prevents particulates from entering the building at the East Garage entrance. The system shall be at least 10 feet long (as measured along the primary direction of travel) and placed immediately inside the required entry ways. The Tenant spaces will not contain any areas where hazardous gases or chemicals may be present or used (e.g. housekeeping and laundry areas, copying and printing rooms) |
| | | 1 | Credit 6 Controllability of Systems, Thermal Comfort | 1 * | |
| 1 | | | Credit 7 Thermal Comfort, Design | 1 * | |
| | 1 | | Credit 8.1 Daylight & Views, Daylight 75% of Spaces | 1 * | |
| | 1 | | Credit 8.2 Daylight & Views, Views for 90% of Spaces | 1 * | |

| Yes | ? | No | Innovation & Design Process | 6 Points | NOTES |
|---|---|---|---|---|---|
| 1 | | | Credit 1.1 Innovation in Design (EP): Commissioning required for all tenant spaces | 1 | The Tenant will provide fundamental and enhanced commissioning for their Tenant space to comply with EA credit 3. |
| 1 | | | Credit 1.2 Innovation in Design (EP): IAQ management plan for 100% tenants | 1 | The Tenant will develop and implement an IAQ management plan for the construction and preoccupancy phases of the building, to comply with IEQ credit 3. |
| 1 | | | Credit 1.3 Innovation in Design (EP): Double Transit Ridership | 1 | |
| 1 | | | Credit 1.4 Innovation in Design: Education | 1 | |
| 1 | | | Credit 1.5 Innovation in Design: Green Housekeeping | 1 | The Tenant will maintain a Green Cleaning Program as defined in the Performance Specification under the section *Tenant Requirements, Cleaning.* |
| 1 | | | Credit 2 LEED® Accredited Professional | 1 | |

| Yes | ? | No | Regional Priority Credits | 4 Points | Project Zipcode 01060; Other credits on Other credits available: SSc3, EAc2 (1%) |
|---|---|---|---|---|---|
| 1 | | | Credit 1.1 Regional Priority Credit: SSc7.1 | 1 | |
| 1 | | | Credit 1.2 Regional Priority Credit: SSc7.2 | 1 | |
| 1 | | | Credit 1.3 Regional Priority Credit: SSc6.1 | 1 | |
| | 1 | | Credit 1.4 Regional Priority Credit: MRc1.1 (75%) | 1 | |

| Yes | ? | No | Project Totals (pre-certification estimates) | 110 Points |
|---|---|---|---|---|
| 56 | 44 | 10 | | |

Certified 40-49 points Silver 50-59 points Gold 60-79 points Platinum 80+ points

3/11/5/2009
W:\09\09018_UNUM Building H Shell & Core\09018g05_CB-checklist-2009.xls

**EXHIBIT P-2**

**LEED CI MATRIX FOR TENANT'S WORK**

[See Attached.]

ADD Inc ARCHITECTURE + DESIGN

LEED for Commericial Interiors (CI) WORKPLAN

UNUM

July 7, 2009

| | Credits and Description | Points Available | v 2.0 YES | Points Attained MAYBE YES | MAYBE NO | NO | Roles and Responsibil Primary | Secondary | LEED 2009 YES | Notes/ Actions |
|---|---|---|---|---|---|---|---|---|---|---|
| | **SUSTAINABLE SITES (SS)** | | | | | | | | | |
| 1 | **Site Selection** | 3 | 3 | | | | | | | |
| 1a | **Brownfield Redevelopment** | 0.5 | | | | | | | | |
| 1b | **Stormwater Management**, Rate and Quantity | 0.5 | | | | | | | | |
| 1c | **Stormwater Management**, Treatment | 0.5 | | | | | | | | |
| 1d | **Heat Island Reduction, Non-roof** | 0.5 | | | | | | | | |
| 1e | **Heat Island Reduction, Roof** | 0.5 | | | | | | | | |
| 1f | **Light Pollution Reduction** | 0.5 | | | | | | | | |
| 1g | **Water Efficient Landscaping**, Reduce by 50% | 0.5 | | | | | | | | |
| 1h | **Water Efficient Landscaping**, No Potable Use or No Irrigation | 0.5 | | | | | | | | |
| 1i | **Innovative Wastewater Technologies** | 0.5 | | | | | | | | |
| 1j | **Water Use Reduction, 20% Reduction** | 0.5 | | | | | | | | |
| 1k | **Onsite Renewable Energy, 5% - 0.5 pt, 10% - 1 pt** | 1 | | | | | | | | |
| 1l | **Other Quantifiable Environmental Performance** | 3 | | | | | | | | |
| 2 | **Development Density & Community Connectivity** | 1 | 1 | | | | | | | 1/2 mile radius, atleast 10 basic services |
| 3.1 | **Alternative Transportation**, Public Transportation Access | | 1 | | | | | | | 1/2 commuter rail, or 1/4m of (2) more public bus lines |
| 3.2 | **Alternative Transportation**, Bicycle Storage & Changing Rooms | 1 | | 1 | | | | | | |
| 3.3 | **Alternative Transportation**, Parking Capacity and Carpooling | 1 | | 1 | | | | | | |
| | **Total Sustainable Sites Points** | 12 | 5 | 2 | 0 | 0 | | | | |
| | **WATER EFFICIENCY (WE)** | | | | | | | | | |
| 1.1 | **Water Use Reduction, 20% Reduction** (PreReq for 2009) | 1 | 1 | | | | | | | Energy Policy Act 1992 |
| 1.2 | **Water Use Reduction, 30% Reduction** | 1 | 1 | | | | | | | Energy Policy Act 1992 |
| 1.2 | **Water Use Reduction, 40% Reduction** | | | 1 | | | | | | |
| | **Total Water Efficiency Points** | 2 | 2 | 1 | 0 | 0 | | | | |

Page 1

| LEED for Commericial Interiors (CI) WORKPLAN | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| UNUM | | | | | | | | | | |
| July 7, 2009 | | | | | | | | | | |
| | | | v 2.0 | Points Attained | | | Roles and Responsibil | | 2009 | |
| Credits and Description | | Points Available | YES | MAYBE YES | MAYBE NO | NO | Primary | Secondary | YES | Notes/ Actions |
| ENERGY AND ATMOSPHERE (EA) | | | | | | | | | | |
| Req | Fundamental Building Systems Commissioning | Req. | Y | | | | | | | |
| Req | Minimum Energy Performance | Req. | Y | | | | | | | Std 90.1-2004 (below 1 watt/SF; IESNA recommends a minimum of 30 footcandles); LEED projects 15-20 footcandles from the ceiling lights with task lighting |
| Req | CFC Reduction in HVAC&R Equipment | Req. | Y | | | | | | | |
| 1.1 | Optimize Energy Performance, Lighting Power-25% | 3 | 2 | 1 | | | | | | |
| 1.1 | Optimize Energy Performance, Lighting Power-35% | | | | 1 | | | | | 35% to achieve extra points |
| 1.2 | Optimize Energy Performance, Lighting Controls | 1 | 1 | 1 | | | | | | daylight sensative controls |
| 1.3 | Optimize Energy Performance, HVAC | 2 | 1 | 1 | | | | | | 15%, 30% Equipment Efficiency, Appropriate Zoning Controls |
| 1.4 | Optimize Energy Performance, Equipment & Appliances | 2 | | | | 2 | | | | 70%, 90% Energy star (appliances, office eqip, electronics, commercial food service equip) |
| 2 | Enhanced Commissioning | 1 | 1 | | | | | | | Commisioning Agent on board |
| 3 | Energy Use, Measurement & Payment Accountability | 2 | 2 | | | | | | | Install continuous metering equip and Develop a Measurment and Verification plan. For project of 75% or more both requirments have to be met. |
| 4 | Green Power | 1 | | | 1 | | | | | 50% calculate cost for green power, $? |
| | Total Energy and Atmosphere Points | 12 | 7 | 3 | 2 | 2 | | | | |
| MATERIALS & RESOURCES (MR) | | | | | | | | | | |
| Pre | Storage & Collection of Recyclables | Req. | Y | | | | | | | |
| 1.1 | Tenant Space, Long Term Commitment | 1 | 1 | | | | | | | min 10 yr commitment |
| 1.2 | Building Reuse, Maintain 40% of Interior Non-Structural Components | 1 | | | | 1 | | | | |
| 1.3 | Building Reuse, Maintain 60% of Interior Non-Structural Components | 1 | | | | 1 | | | | |
| 2.1 | Construction Waste Management, Divert 50% | 1 | 1 | | | | | | | |
| 2.2 | Construction Waste Management, Divert 75% | 1 | 1 | | | | | | | |
| 3.1 | Resource Reuse, Specify 5% | 1 | | | | 1 | | | | 5% of reuse materials (construction) exclude furniture |
| 3.2 | Resource Reuse, Specify 10% | 1 | | | | 1 | | | | 10% of reuse materials (construction) exclude furniture |
| 3.3 | Resource Reuse, 30% Furniture and Furnishings | 1 | | | | 1 | | | | 30% reused furnishing of total furniture budgect |
| 4.1 | Recycled Content, Specify 10% (post-consumer + ½ post-industrial) | 1 | 1 | | | | | | | for materials weight of recycled content/ total weight of material in % |
| 4.2 | Recycled Content, Specify 20% (post-consumer + ½ post-industrial) | 1 | | | 1 | | | | | for materials weight of recycled content/ total weight of material in % |
| 5.1 | Regional Materials, 20% Manufactured Locally | 1 | | | 1 | | | | | 20% of cobmined construction value + Div 12 (Furn) manufactured within 500 radius |
| 5.2 | Regional Materials, 10% Extracted and Manufactured Regionally | 1 | | | 1 | | | | | 10% of cobmined construction value + Div 12 (Furn) extracted within 500 radius |

| LEED for Commericial Interiors (CI) WORKPLAN | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| UNUM | | | | | | | | | | |
| July 7, 2009 | | | | | | | | | | |
| | | | v 2.0 | Points Attained | | | Roles and Responsibil | | | |
| Credits and Description | | Points Available | YES | MAYBE YES | MAYBE NO | NO | Primary | Secondary | YES | Notes/ Actions |
| 6 | Rapidly Renewable Materials | 1 | | | 1 | | | | | 5% of all bldg materials (including furniture) used in the project |
| 7 | Certified Wood | 1 | | 1 | | | | | | All new wood products min 50% to be certified (FSC), Div 12 material value inluded in determination of certified wood |
| | | | | | | | | | | |
| | Sub Total Materials and Resources | 14 | 4 | 4 | 1 | 5 | | | | |
| | | | | | | | | | | |
| INDOOR ENVIRONMENTAL QUALITY (EQ) | | | | | | | | | | |
| Req | Minimum IAQ Performance | Req. | Y | | | | | | | |
| Req | Environmental Tobacco Smoke (ETS) Control | Req. | Y | | | | | | | |
| 1 | Outdoor Air Delivery Monitoring | 1 | 1 | | | | | | | install permanent monitoring and alarm sys that provides feedback on ventilation performance |
| 2 | Increased Ventilation | 1 | | | 1 | | | | | 30% increase breathing zone outdoor ventilation rates for all occupied spaces |
| 3.1 | Construction IAQ Management Plan, During Construction | 1 | 1 | | | | | | | protect materials on site from moisture, air handlers- filtration MERV 8, implement IAQ management plan, exceed SMACNA recommended design approaches |
| 3.2 | Construction IAQ Management Plan, Before Occupancy | 1 | | 1 | | | | | | flushout procedures or IAQ test procedure CPP to include at least 2 weeks at the end of the project prior to move in, (4) weeks in construction schedule |
| 4.1 | Low-Emitting Materials, Adhesives & Sealants | 1 | | 1 | | | | | | All adhesives and sealants not to exceed VOC limits |
| 4.2 | Low-Emitting Materials, Paints | 1 | 1 | | | | | | | limittation by GS-11, GS-03, SCAQMD Rule 1113 |
| 4.3 | Low-Emitting Materials, Carpet | 1 | 1 | | | | | | | Carpet and carpet pad meets Carpet and Rug Institute Green Label Plus, Adhesive meets, Adhesive EQ 4.1 |
| 4.4 | Low-Emitting Materials, Composite Wood & Laminate Adhesives | 1 | | 1 | | | | | | no added urea-formaldehyde resins and adhesives, VOC info not enough |
| 4.5 | Low-Emitting Materials, Systems Furniture & Seating | 1 | 1 | | | | | | | Green Guard IAQ certified |
| 5 | Indoor Chemical & Pollutant Source Control | 1 | | | 1 | | | | | 6'-10' permanent entryways systems & segragated area for hazardous gasses & contaminant drains for hazardopus liquids & filters MERV 13, Commercial printer 40 000 sheets/month needs to be in encolosed space |
| 6.1 | Controllability of Systems, Lighting | 1 | 1 | | | | | | | 90% occupants taks lighting & shared lighting controls for multi occupant spaces |
| 6.2 | Controllability of Systems, Temperature & Ventilation | 1 | | | | 1 | | | | 50% occupants adjustment to suit individual preference and for multi occupant spaces (opearable windowds 10, 20ft) |
| 7.1 | Thermal Comfort, Compliance | 1 | 1 | | | | | | | ASHRAE Std 55-2004 |
| 7.2 | Thermal Comfort, Monitoring | 1 | | 1 | | | | | | Permanent monitoring system, Survey |
| 8.1 | Daylight & Views, Daylight 75% of Spaces | 1 | | 1 | | | | | | 2% or min 25 footcandles and provide daylight redirection /glare control devices for 75% of occupied spaces |
| 8.2 | Daylight & Views, Daylight 90% of Spaces | 1 | | | 1 | | | | | 2% or min 25 footcandles and provide daylight redirection /glare control devices for 90% of occupied spaces |
| 8.3 | Daylight & Views, Views for 90% of Seated Spaces | 1 | | | 1 | | | | | Achieve direct line of sight (vision glazing)2'-6" and 7'-6" direct line of sight |
| | | | | | | | | | | |
| | Total Indoor Environment Quality Points | 17 | 7 | 5 | 4 | 1 | | | | |
| | | | | | | | | | | |
| INNOVATION & DESIGN PROCESS (ID) | | | | | | | | | | |

## LEED for Commericial Interiors (CI) WORKPLAN

UNUM

July 7, 2009

| | Credits and Description | Points Available | v 2.0 YES | Points Attained MAYBE YES | MAYBE NO | NO | Roles and Responsibil Primary | Secondary | v 2009 YES | Notes/ Actions |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | **Innovation in Design** | | | | | | | | | |
| | 1.1 Innovation credit one | 1 | 1 | | | | | | | Green Housekeeping |
| | 1.2 Innovation credit two | 1 | 1 | | | | | | | Education/ Dolphin Unit |
| | 1.3 Innovation credit three | 1 | 1 | | | | | | | 90% Construction Management |
| | 1.4 Innovation credit four | 1 | | 1 | | | | | | Examplary Performance- Public transportation is an option |
| 2 | **LEED Accredited Professional** | 1 | 1 | | | | | | | Must include a LEED AP on the project team. |
| 3 | **Regional Credits only with 2009** | 4 | | | 4 | | | | | Regional Credits |
| | **Total Innovation & Design Process Points** | 5 | 4 | 1 | 4 | 0 | | | | |
| | **Grand Total LEED Points** | 57 | 29 | 16 | 11 | 8 | | | | |

| LEED CERTIFICATION LEVELS | PTS CI 2.0 | PTS 2009 |
|---|---|---|
| Certified | 21 to 26 | 40 to 49 |
| Silver | 27 to 31 | 50 to 59 |
| Gold | 32 to 41 | 60 to 79 |
| Platinum | 42 to 57 | 80 to 110 |

# FIRST AMENDMENT TO SUBLEASE

THIS FIRST AMENDMENT TO SUBLEASE (this "Amendment") is entered into as of the 25th day of October , 2022 (the "Effective Date"), by and between THE PAUL REVERE LIFE INSURANCE COMPANY, a Massachusetts corporation (the "Sublessor"), having a notice address of c/o Unum Group, 1 Fountain Square, Suite 120, Chattanooga, Tennessee 37402, Attn: Corporate Real Estate Department, and MUSTANG BIO, Inc., a Delaware corporation (the "Sublessee"), having a notice address of 377 Plantation Street, Worcester, Massachusetts 01605.

## Recitals

A. Sublessor is the tenant under that certain Lease dated June 17, 2010, by and between CitySquare II Development Co. LLC ("CitySquare II"), as landlord, and Sublessor, as tenant, as affected by that certain (i) Assignment and Assumption of Lease dated October 4, 2010, by and between CitySquare II and One Mercantile Place LLC ("One Mercantile"), (ii) Letter Agreement dated November 11, 2011, by and between One Mercantile and Sublessor, (iii) Second Amendment to Lease dated as of July 5, 2012, by and between One Mercantile and Sublessor, (iv) Third Amendment to Lease dated as of December 19, 2012, by and between One Mercantile and Sublessor, (v) Assignment and Assumption of Lease and Guaranty dated December 21, 2012, by and between One Mercantile and ONEMERC, LLC (the "Master Lessor"), (vi) Letter Agreement dated May 2, 2013, by and between Master Lessor and Sublessor, and (vii) Fourth Amendment to Lease dated as of September 16, 2015, by and between Master Lessor and Sublessor (collectively, the "Master Lease");

B. Pursuant to the Master Lease, Sublessor leases approximately 198,560 rentable square feet of space in the building known as One Mercantile Place located at One Mercantile Street in Worcester, Massachusetts (the "Building") together with approximately 851 parking spaces in the adjoining garage known as the Foster Street Garage (collectively, the "Master Premises");

C. Pursuant to the Sublease dated as of June 14, 2022, with a Commencement Date of July 1, 2022, by and between Sublessor, as sublessor, and Sublessee, as sublessee (the "Sublease"), Sublessor has subleased to Sublessee approximately 26,503 rentable square feet of space of the Master Premises located on the fourth (4th) floor of the Building as more particularly described in the Sublease (the "Sublease Premises");

D. Sublessor is the current holder of the tenant's interest under the Master Lease and the sublessor's interest under the Sublease, and Sublessee is the current holder of the sublessee's interest under the Sublease; and

E. Sublessor and Sublessee desire to amend the Sublease in order to extend the time to use the Allowance toward the cost of Sublessee's Work as described in Section 5 (a) of Exhibit C, the Work Letter.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, Sublessor and Sublessee hereby agree as follows:

**Agreements**

1. Capitalized Terms. Each capitalized term appearing but not defined herein shall have the meaning, if any, ascribed to such term in the Sublease.

2. Recitals. The recitals above set forth are true and complete and are incorporated herein by reference.

3. Extension of Time to Use Allowance. The last sentence of Section 5 (a) of Exhibit C to the Sublease is hereby amended by replacing "Any amount of Allowance which has not been requisitioned by sixty (60) days following the Commencement Date, shall be retained by Sublessor and Sublessee shall have no further right to claim thereto" with "Any amount of Allowance which has not been requisitioned by July 31, 2023, shall be retained by Sublessor and Sublessee shall have no further right to claim thereto."

4. Effective Date. The parties agree that this First Amendment shall be effective from and after the Effective Date and not during any period of time prior thereto. To the extent this First Amendment contains language which purports to amend the Sublease with respect to periods of time prior to the Effective Date, such language is for clarification purposes only and shall not be deemed to change the obligations of the parties with respect thereto. In no event shall this First Amendment be construed to impose any liability on Sublessor for any period of time preceding its leasing of the Master Premises from Master Lessor.

5. Ratification of Sublease Provisions. Except as otherwise expressly amended, modified and provided for in this Amendment, Sublessee hereby ratifies all of the provisions, covenants and conditions of the Sublease, and such provisions, covenants and conditions shall be deemed to be incorporated herein and made a part hereof and shall continue in full force and effect.

6. Brokerage. Sublessor and Sublessee each represents to the other party that it has not authorized, retained or employed, or acted by implication to authorize, retain or employ, any real estate broker or salesmen to act for it or on its behalf in connection with this Amendment so as to cause the other party to be responsible for the payment of a brokerage commission. Sublessor and Sublessee each agrees to indemnify, defend and hold the other (and such other party's employees and representatives) harmless from and against any claims, damages, costs, expenses, attorneys' fees or liability for compensation or charges which may be claimed by any such unnamed broker, finder or similar party whom the indemnified party authorized, retained or employed, or acted by implication to authorize, retain or employ, to act for the indemnifying party in connection with this Amendment.

7. Entire Amendment. This Amendment contains all of the agreements of the parties with respect to the subject matter hereof and supersedes all prior dealings between the parties with respect to such subject matter.

8. Authority. Sublessor and Sublessee each warrant to the other that the person or persons executing this Amendment on its behalf has or have authority to do so and that such execution has fully obligated and bound such party to all of the terms and provisions of this Amendment.

9. Binding Amendment. This Amendment shall be binding upon, and shall inure to the benefit of the parties hereto, and their respective successors and assigns.

10. Governing Law. This Amendment shall be governed by the laws of The Commonwealth of Massachusetts.

11. Severability. If any clause or provision of this Amendment is or should ever be held to be illegal, invalid or unenforceable under any present or future law applicable to the terms hereof, then and in that event, it is the intention of the parties hereto that the remainder of this Amendment shall not be affected thereby, and that in lieu of each such clause or provision of this Amendment that is illegal, invalid or unenforceable, such clause or provision shall be judicially construed and interpreted to be as similar in substance and content to such illegal, invalid or unenforceable clause or provision, as the context thereof would reasonably suggest, so as to thereafter be legal, valid and enforceable.

12. No Reservation. Submission of this Amendment for examination or signature is without prejudice and does not constitute a reservation, option or offer, and this Amendment shall not be effective until execution and delivery by all parties.

13. Counterparts. This Amendment may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Additionally, telecopied of pdf signatures may be used in place of original signatures on this Amendment. Sublessor and Sublessee intend to be bound by the signatures on the telecopied or pdf document, are aware that the other party will rely on the telecopied or pdf signatures, and hereby waive any defenses to the enforcement of the terms of this Amendment based on the form of signature.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the said parties hereunto set their hands and seals as of the Effective Date.

SUBLESSOR:

THE PAUL REVERE LIFE INSURANCE COMPANY

Devin Bloss

By: Devin Bloss (Oct 25, 2022 08:25 EDT)

Name: Devin Bloss

Its: AVP, Strategic Sourcing

SUBLESSEE:

MUSTANG BIO, INC.

DocuSigned by:

By: Knut Niss

6718FC880520474...

Name: Knut Niss

Its: CTO

**Exhibit 23.1**

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statements (Nos. 333-255476 and 333-249657) on Form S-3 and in the registration statements (Nos. 333-266176, 333-258310, 333-258311, 333-225007, and 333-221819) on Form S-8 of our report dated March 29, 2023, with respect to the financial statements of Mustang Bio, Inc.

/s/ KPMG LLP
Hartford, Connecticut
March 29, 2023

**EXHIBIT 31.1**

**CERTIFICATION PURSUANT TO**

**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Manuel Litchman, M.D., President and Chief Executive Officer (Principal Executive Officer), certify that:

(1) I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022 of Mustang Bio, Inc. (the registrant);

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

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

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

Dated: March 29, 2023

By: /s/ Manuel Litchman
Manuel Litchman, M.D.
President and Chief Executive Officer
(Principal Executive Officer)

**EXHIBIT 31.2**

**CERTIFICATION PURSUANT TO**

**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Eliot Lurier, Interim Chief Financial Officer (Principal Financial Officer), certify that:

(1) I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022 of Mustang Bio, Inc. (the registrant);

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

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

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

Dated: March 29, 2023

By: /s/ Eliot Lurier
Eliot Lurier
Interim Chief Financial Officer
(Principal Financial Officer)

**EXHIBIT 32.1**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Mustang Bio, Inc. (the "Company") for the period ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Manuel Litchman, M.D., President and Chief Executive Officer, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Report.

Dated: March 29, 2023

By: /s/ Manuel Litchman
Manuel Litchman, M.D.,
President and Chief Executive Officer
(Principal Executive Officer)

**EXHIBIT 32.2**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Mustang Bio, Inc. (the "Company") for the period ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eliot Lurier, Interim Chief Financial Officer, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company, as of, and for, the periods presented in the Report.

Dated: March 29, 2023

By: /s/ Eliot Lurier
Eliot Lurier
Interim Chief Financial Officer
(Principal Financial Officer)