UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2020

or

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

Commission File Number 000-30347

CURIS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**04-3505116**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

128 Spring Street, Building C - Suite 500, Lexington, Massachusetts, 02421
(Address of principal executive offices) (Zip Code)
617-503-6500
(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, $0.01 par value per share	CRIS	Nasdaq Global Market

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" and "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 ☐

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

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant (without admitting that any person whose shares are not included in such calculation is an affiliate) based on the last reported sale price of the common stock on June 30, 2020 was approximately $54.4 million. As of March 12, 2021, there were 91,507,498 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Specified portions of the registrant's proxy statement for the annual meeting of stockholders scheduled to be held on May 27, 2021, which are to be filed with the Commission not later than 120 days after the close of the Registrant's fiscal year ended December 31, 2020 pursuant to Regulation 14A, have been incorporated by reference in Items 10-14 of Part III of this Annual Report on Form 10-K.

CURIS, INC.

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PART I

Cautionary Note Regarding Forward-Looking Statements and Industry Data

This annual report on Form 10-K contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, which involve risks and uncertainties. All statements other than statements of historical fact contained in this report are statements that could be deemed forward-looking statements, including without limitation any statements with respect to the plans, strategies and objectives of management for future operations; statements concerning product research, development and commercialization plans, timelines and anticipated results; statements of expectation or belief; statements with respect to clinical trials and studies; statements with respect to royalties and milestones; statements with respect to the therapeutic potential of drug candidates; expectations of revenue, expenses, earnings or losses from operations, or other financial results; and statements of assumptions underlying any of the foregoing. Without limiting the foregoing, the words "anticipate(s)", "believe(s)", "focus(es)", "could", "estimate(s)", "expect(s)", "intend(s)", "may", "plan(s)", "seek(s)", "will", "strategy", "mission", "potential", "should", "would" and other similar language, whether in the negative or affirmative, are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements may include, but are not limited to, statements about:

- *the initiation, timing, progress and results of future preclinical studies and clinical trials, and our research and development programs;*
- *our plans to develop and commercialize our drug candidates;*
- *our collaborators' plans to further develop and commercialize Erivedge;*
- *our ability to establish and maintain collaborations or obtain additional funding;*
- *the timing or likelihood of regulatory filings and approvals;*
- *the implementation of our business model, strategic plans for our business, drug candidates and technology;*
- *our commercialization, marketing and manufacturing capabilities and strategy;*
- *the rate and degree of market acceptance and clinical utility of our products;*
- *our competitive position;*
- *our intellectual property position;*
- *developments and projections relating to our competitors and our industry;*
- *the potential of CA-4948, CI-8993, CA-170, fimepinostat, CA-327, and other drug candidates that we in-license, or may elect to in-license, or may acquire in the future;*
- *our estimates of the period in which we anticipate that existing cash and cash equivalents will enable us to fund our current and planned operations;*
- *impacts resulting from the COVID-19 pandemic and responsive actions relating thereto;*
- *our ability to maintain our listing on the Nasdaq Global Market; and*
- *our estimates regarding expenses, future revenue, capital requirements and needs for additional financing.*

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors. We therefore caution you against relying on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in these forward-looking statements include the factors discussed below under the heading "Risk Factor Summary," and the risk factors detailed further in Item 1A, "Risk Factors" of Part 1 of this report and in our Securities and Exchange Commission reports filed after this report.

This report includes statistical and other industry and market data that we obtained from industry publications and research, surveys, and studies conducted by third parties as well as our own estimates. All of the market data used in this report involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such data. Industry publications and third-party research, surveys, and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. Our estimates of the potential market opportunities for our drug candidates include several key assumptions based on our industry knowledge, industry publications, third-party research, and other surveys, which may be based on a small sample size and may fail to accurately reflect market opportunities. While we believe that our internal assumptions are reasonable, no independent source has verified such assumptions.

The forward-looking statements included in this annual report represent our estimates as of the filing date of this annual report. We specifically disclaim any obligation to update these forward-looking statements in the future. These forward-looking statements should not be relied upon as representing our estimates or views as of any date subsequent to the date of this annual report.

Other Information

Unless otherwise indicated, or unless the context of the discussion requires otherwise, we use the terms "we," "us," "our" and similar references to refer to Curis, Inc. and its subsidiaries, on a consolidated basis. We use the terms "Curis" to refer to Curis, Inc. on a stand-alone basis.

Risk Factor Summary

Investment in our securities involves risk. You should carefully consider the following summary of what we believe to be the principle risks facing our business, in addition to the risks described more fully in Item 1A., "Risk Factors" of Part I of this annual report on Form 10-K and other information included in this report. The risks and uncertainties described below are not the only risks and uncertainties we face. Additional risks and uncertainties not presently known to us or that we presently deem less significant may also impair our business operations.

If any of the following risks occurs, our business, financial condition, and results of operations and future growth prospects could be materially and adversely affected, and the actual outcomes of matters as to which forward-looking statements are made in this report could be materially different from those anticipated in such forward-looking statements.

- We have incurred substantial losses, expect to incur substantial losses for the foreseeable future and may never generate significant revenue or achieve or maintain profitability.
- We will require substantial additional funding, and if we are unable to raise capital when needed, we could be forced to delay, reduce or eliminate our drug development programs or commercialization efforts.
- We face risks related to the novel coronavirus pandemic, COVID-19, which has delayed and may continue to delay our ability to complete our ongoing clinical trials and the enrollment and initiation of future clinical trials, and may disrupt regulatory activities, cause substantial disruption in the financial markets and economy, or have other adverse effects on our business and operations.
- We face substantial competition, and our competitors may discover, develop or commercialize drugs before or more successfully than we do. Furthermore, the amount of royalty revenue we received from sales of Erivedge has been adversely affected by a competing drug, and may be further affected in the future.
- We depend heavily on the success of our most advanced drug candidates, including CA-4948 and CI-8993. If we are unable to initiate or complete the clinical development of, obtain marketing approval for or successfully commercialize our drug candidates, either alone or with a collaborator, or if we experience significant delays in doing so, our business will be materially harmed.
- If clinical trials of any drug candidates that we, or any collaborators, may develop fail to satisfactorily demonstrate safety and efficacy to the U.S. Food and Drug Administration, or FDA, and other regulators, we, or any collaborators, may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of these drug candidates.
- Adverse events or undesirable side effects caused by, or other unexpected properties of, drug candidates that we develop may be identified during development and could delay or prevent their marketing approval or limit their use.
- We rely on Genentech and Roche for the successful commercialization of Erivedge, and if they do not successfully commercialize Erivedge for advanced BCC, our future prospects may be substantially harmed.
- We rely in part on third parties to conduct clinical trials of our internally-developed and in-licensed product candidates and for the research, development and commercialization of certain programs, and those third parties may not perform satisfactorily, including by failing to meet deadlines for the completion of such trials, research or testing.
- In the event of a default by us or Curis Royalty under the Oberland Purchase Agreement, we could, among other consequences, lose our retained rights to future royalty and royalty related payments on commercial sales of Erivedge, and our ability to enter into future arrangements may be inhibited, all of which could have a material adverse effect on our business, financial condition and stock price.
- If we are unable to obtain and maintain sufficient patent protection for our technologies and drugs, or our licensors are not able to obtain and maintain sufficient patent protection for the technologies or drugs that we license from them, or

if the scope of the patent protection is not sufficiently broad, our competitors could develop and commercialize drugs similar or identical to ours, and our ability to successfully commercialize our drug candidates may be adversely affected.

- If we or our collaborators are not able to obtain, or if there are delays in obtaining, required regulatory approvals, we or they will not be able to commercialize, or will be delayed in commercializing, our drug candidates, and our ability to generate revenue will be materially impaired.

ITEM 1. BUSINESS

Overview

We are a biotechnology company focused on the development of first-in-class and innovative therapeutics for the treatment of cancer. Our clinical stage drug candidates are:

- CA-4948, an orally-available small molecule inhibitor of Interleukin-1 receptor-associated kinase 4, or IRAK4, which is currently undergoing testing in a Phase 1 open-label dose escalating clinical trial in patients with non-Hodgkin lymphomas, including those with Myeloid Differentiation Primary Response Protein 88, or MYD88 alterations. We reported updated preliminary clinical data from the study in December 2020. We are also conducting a separate Phase 1 open-label, single arm dose escalating trial in patients with acute myeloid leukemia, or AML, and myelodysplastic syndromes, or MDS, and announced preliminary clinical data from the study in December 2020. In February, we enrolled the first patient in a Phase 1 combination trial of CA-4948 and ibrutinib, a BTK inhibitor, in patients with non-Hodgkin lymphomas.
- CI-8993, a monoclonal antibody designed to antagonize the V-domain Ig suppressor of T cell activation, or VISTA signaling pathway. In June 2020, we announced the U.S. Food and Drug Administration, or FDA, had cleared our Investigational New Drug, or IND, application for CI-8993. In September 2020, we began enrollment in our Phase 1a/1b trial of CI-8993 in patients with solid tumors. We have an option to license CI-8993 from ImmuNext, Inc., or ImmuNext.

Our pipeline also includes the following:

- Fimepinostat, a small molecule that potently inhibits the activity of histone deacetylase, or HDAC, and phosphotidyl-inositol 3 kinase, or PI3 kinase enzymes, which has been granted Orphan Drug Designation and Fast Track Designation for the treatment of MYC-altered diffuse large B-cell lymphoma, or DLBCL, by the FDA in April 2015 and May 2018, respectively. In 2019, we began enrollment in a Phase 1 combination study with venetoclax in DLBCL patients, including patients with translocations in both MYC and the BCL2 gene, also referred to as double-hit lymphoma, or high-grade B-cell lymphoma, or HGBL. In March 2020, we announced that although we observed no significant drug-drug interaction in our Phase 1 study of fimepinostat in combination with venetoclax, we did not see an efficacy signal that would warrant continuation of the study. Accordingly, no further patients will be enrolled in this study. We are currently evaluating future studies for fimepinostat.
- CA-170, an orally-available small molecule antagonist of VISTA and PDL1, for which we announced initial data from a clinical study in patients with mesothelioma in conjunction with the Society of lmmunotherapy of Cancer conference in November 2019. Based on this data, no further patients will be enrolled in the study. We are currently evaluating future studies for CA-170.
- CA-327, an orally-available small molecule antagonist of PDL1 and TIM3, which is a pre-IND stage oncology drug candidate.

On January 18, 2015 we entered into an exclusive collaboration agreement with Aurigene Discovery Technologies Limited, or Aurigene, a specialized, discovery-stage biotechnology company and wholly owned subsidiary of Dr. Reddy's Laboratories for the discovery, development and commercialization of small molecule compounds in the areas of immuno-oncology and precision oncology, which we refer to as the Aurigene agreement, which was amended in September 2016 and February 2020. As of December 31, 2020, we have licensed four programs under the Aurigene agreement.

1. IRAK4 Program - a precision oncology program of small molecule inhibitors of IRAK4. The development candidate is CA-4948.

2. PD1/VISTA Program - an immuno-oncology program of small molecule antagonists of PD1 and VISTA immune checkpoint pathways. The development candidate is CA-170.

3. PD1/TIM3 Program - an immuno-oncology program of small molecule antagonists of PD1 and TIM3 immune checkpoint pathways. The development candidate is CA-327.

4. In March 2018, we exercised our option to license a fourth program, which is an immuno-oncology program.

In addition, we are party to an option and license agreement with ImmuNext. Pursuant to the terms of the option and license agreement, we have an option, exercisable for a specified period as set forth in the option and license agreement, to obtain an exclusive license to develop and commercialize certain VISTA antagonizing compounds, including ImmuNext's lead compound, CI-8993, and products containing these compounds in the field of oncology.

We are also party to a collaboration with Genentech Inc., or Genentech, a member of the Roche Group, under which Genentech and F. Hoffmann-La Roche Ltd, or Roche are commercializing Erivedge® (vismodegib), a first-in-class orally-administered small molecule Hedgehog signaling pathway antagonist. Erivedge is approved for the treatment of advanced basal cell carcinoma, or BCC.

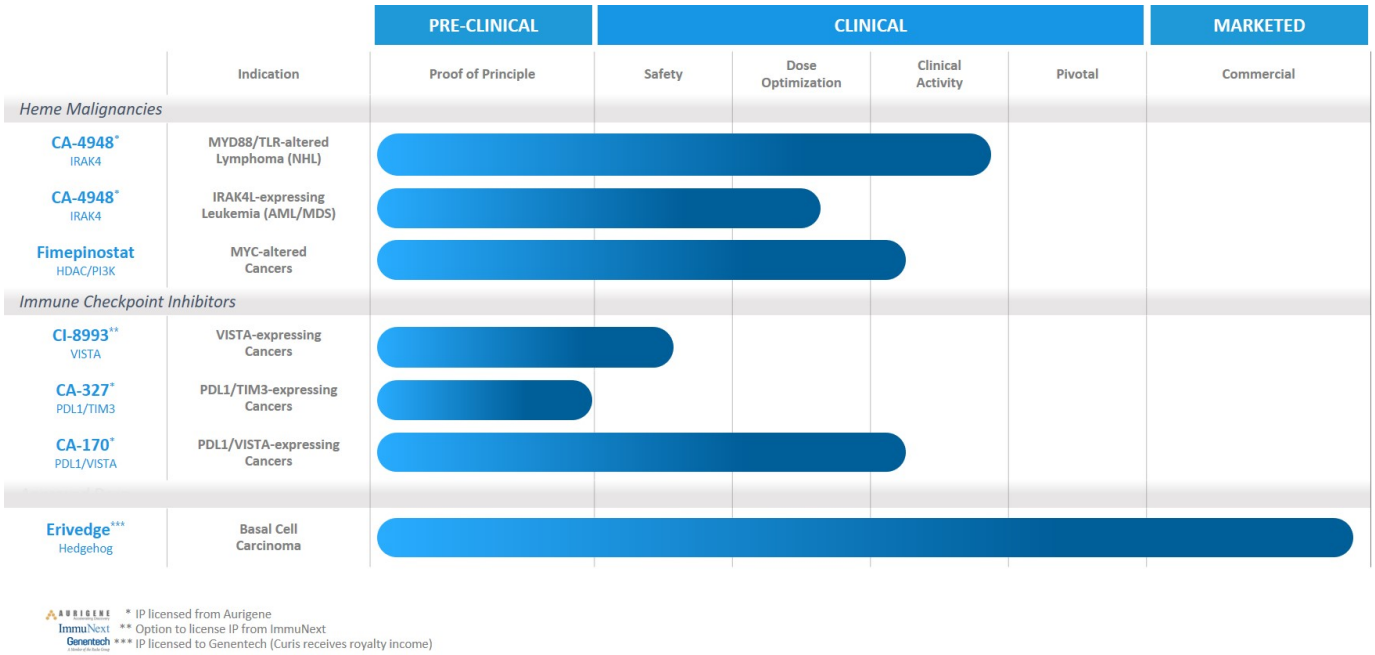
Based on our clinical development plans for our pipeline, we intend to focus our available resources on the continued development of CA-4948, in collaboration with Aurigene, and CI-8993, in collaboration with ImmuNext, in the near term.

COVID-19 Pandemic

The COVID-19 pandemic, which began in December 2019, has spread worldwide, causing many governments to implement measures to slow the spread of the outbreak through quarantines, strict travel restrictions, heightened border scrutiny, and other measures. The outbreak and government measures taken in response have had a significant impact, both direct and indirect, on businesses and commerce. While the COVID-19 pandemic has had adverse effects on our business and we expect the outbreak to have an adverse effect on our business, financial conditions and results of operations in the future, we are unable to predict the extent or nature of the future progression of the COVID-19 pandemic or its effects on our business and operations at this time. See Item 1A, "Risk Factors," of Part I of this annual report on Form 10-K and "COVID-19 Pandemic" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of Part I of this annual report on Form 10-K for information regarding the impact on us of the COVID-19 pandemic and responses related thereto.

Product Development Programs

We are seeking to develop and commercialize innovative drug candidates to treat cancer. Our product development initiatives, described in the table below, are being pursued using our internal resources or through our collaborations.



Since our inception in 2000, substantially all of our revenues have been derived from collaborations and other agreements with third-parties. For both of the years ended December 31, 2020 and 2019, milestone and royalty payments from Genentech accounted for $10.7 million and $10.4 million, or 98% and 100%, respectively, of revenues, all of which was related to the development and commercialization of Erivedge.

CA-4948

CA-4948 is an oral small molecule drug candidate that is designed to inhibit the IRAK4 kinase, which is an important transducer of toll-like receptor or certain interleukin receptor signaling pathways. These signaling pathways are shown to be involved in certain human cancers and inflammatory diseases.

CA-4948 is a potent inhibitor of IRAK4 in biochemical and cell-based assays, as well as in an *in vivo* tumor model of diffuse large B cell lymphoma that harbors mutation in the IRAK4 pathway. Lead compounds from this program were also shown to be effective in an *in vivo* preclinical model of acute inflammation, suggesting that CA-4948 and other program compounds have the potential for use in the treatment of cancer and inflammatory diseases. CA-4948 has been shown to be active in in vivo xenograft models of human lymphoma, and demonstrates activity in ex-vivo models of AML and MDS. In January 2018 we initiated an open-label Phase 1 dose escalating clinical trial in patients with non-Hodgkin lymphomas including those with MYD88 alterations. We reported updated preliminary clinical data from this study in December of 2020. In addition, we initiated a separate Phase 1 open-label, single arm dose escalating trial in patients with AML or MDS in July 2020. We announced preliminary clinical data from this Phase 1 study in December 2020. In February, we enrolled the first patient in a Phase 1 combination study of CA-4948 and ibrutinib, a BTK inhibitor, in patients with non-Hodgkin lymphomas.

CI-8993

CI-8993 is a human IgG1 kappa monoclonal antibody directed against the VISTA protein. VISTA shares homology with other immune checkpoint proteins, including PD-1 and PD-L1, and is an important negative regulator in the immune suppression induced by cancer. Recent studies suggest VISTA is strongly upregulated in response to treatment with other cancer immunotherapy agents. VISTA is strongly expressed in several tumor types including pancreatic cancer, mesothelioma, and prostate cancer. VISTA creates an immune blocking signal that is independent of, and complementary to, PD-1 and CTLA-4.

CI-8993 was originally developed as part of a license and collaboration agreement between ImmuNext and Janssen Biotech, Inc., or Janssen. In 2016, Janssen initiated clinical development of CI-8993 in a Phase 1 study evaluating safety, pharmacokinetics and pharmacodynamics of ascending doses of CI-8993 in patients with advanced solid tumors. The study enrolled 12 patients, in which one patient experienced dose-limiting side effects related to cytokine release syndrome. Janssen opted to close the study and ImmuNext regained control of the asset.

In January 2020, we announced plans to develop CI-8993, leveraging our clinical and non-clinical experience with a VISTA-focused program (CA-170). CI-8993 is currently undergoing testing in a Phase 1a/1b trial in patients with solid tumors.

Fimepinostat

Fimepinostat was invented by our scientists and is an oral, dual inhibitor of HDAC and PI3K enzymes. Fimepinostat has shown potent antitumor activity in a variety of hematologic tumor models such as non-Hodgkin's lymphoma, including some with alterations in MYC oncogene, and multiple myeloma. Non-clinical results indicate that at the mechanistic level, fimepinostat effectively downregulates MYC protein levels in MYC-altered and MYC-dependent cells and tumor models, consistent with the roles of HDAC and PI3K in MYC regulation. These results provide a mechanistic rationale for the clinical development of fimepinostat in MYC-driven malignancies.

Clinical development of fimepinostat began in January 2013. As previously disclosed, data from the Phase 1 and Phase 2 clinical studies with fimepinostat have resulted in a number of patients with relapsed or refractory DLBCL (3rd line or later) achieving durable complete and partial responses, including MYC-altered patients. In light of the substantial unmet need for more effective therapies, in April 2015 and May 2018, respectively the FDA granted fimepinostat orphan drug and fast track designations for the treatment of DLBCL.

In 2019, we began enrollment in a Phase 1 combination study with venetoclax in DLBCL patients, including patients with translocations in both MYC and the BCL2 gene, also referred to as double-hit lymphoma, or high-grade B-cell lymphoma. We reported preliminary clinical data from this combination study in the fourth quarter of 2019. In March 2020, we announced that although we observed no significant drug-drug interaction in our Phase 1 study of fimepinostat in combination with venetoclax, we did not see an efficacy signal that would warrant continuation of the study. Accordingly, no further patients will be enrolled in this study. We are currently evaluating future studies for fimepinostat.

We are party to an agreement with The Leukemia and Lymphoma Society, or LLS, dated November 2011, and as amended in August 2015. We agreed to make up to $1.7 million in future payments to LLS, which equals the aggregate payments previously received from LLS under the November 2011 agreement, pursuant to the achievement of certain objectives, including a licensing, sale, or other similar transaction, as well as regulatory and commercial objectives, in each case

related to the fimepinostat program in hematological malignancies. However, if fimepinostat does not meet its clinical safety endpoints in clinical trials in the defined field, or fails to obtain necessary regulatory approvals, all funding provided to us by LLS will be considered a non-refundable grant.

CA-170

CA-170 is an oral small molecule drug candidate that is designed to selectively target VISTA and PDL1 immune checkpoint proteins, both of which independently function as negative regulators of immune activation.

In June 2016, we dosed the first patient in a Phase 1 trial of CA-170 being conducted in patients with solid tumors and lymphomas. In November 2019, we announced initial data in conjunction with the Society for lmmunotherapy of Cancer conference and based on this data no further patients will be enrolled in the study. We are currently evaluating future studies for CA-170.

Our collaboration partner, Aurigene, initiated a Phase 2 trial for CA-170 in India in the first quarter of 2018. In 2019, Aurigene presented clinical data from a Phase 2a basket study of CA-170 in patients with multiple tumor types, including those with non-squamous non-small cell lung cancer, or nsNSCLC. In the study, CA-170 demonstrated promising signs of safety and activity in nsNSCLC patients compared to various anti-PD-1/PD-L1 antibodies. In February 2020, we amended our collaboration, license and option agreement with Aurigene. Under the terms of the amended agreement, Aurigene will fund and conduct a Phase 2b/3 randomized study evaluating CA-170 in combination with chemoradiation, in approximately 240 patients with nsNSCLC. Aurigene has rights to develop and commercialize CA-170 in Asia, in addition to its existing rights in India and Russia, based on the terms of the original agreement. We are entitled to receive royalty payments on potential future sales of CA-170 in Asia, and we retain rights in the U.S., European Union and rest of the world.

CA-327

In October 2016, we exercised our option under the Aurigene agreement to license the PDL1/TIM3 program. CA-327 is an oral small molecule drug candidate that is designed to selectively target PDL1 and TIM3 immune checkpoint proteins, both of which independently function as negative regulators of immune activation. CA-327 has demonstrated anti-tumor activity in multiple syngeneic mouse tumor models in an immune-dependent manner.

For a further discussion of our collaboration agreement with Aurigene, see “Business—Our Collaborations and License Agreements—Aurigene.”

Erivedge

Erivedge is an orally bioavailable small molecule which is designed to selectively inhibit the Hedgehog signaling pathway by targeting a protein called Smoothened. The Hedgehog signaling pathway is normally active during embryonic development and unregulated activation of the pathway is believed to play a central role in allowing the proliferation and survival of cancer cells and leading to formation and maintenance of certain cancers. Genetic mutations that lead to unregulated activation of Hedgehog signaling are found in BCC and medulloblastoma. Aberrant signaling in the Hedgehog signaling pathway is implicated in over 90% of BCC cases.

Erivedge is FDA approved for treatment of adults with metastatic basal cell carcinoma, or with locally advanced basal cell carcinoma that has recurred following surgery or who are not candidates for surgery, and who are not candidates for radiation and is being developed under a collaboration agreement with Genentech. Genentech and Roche are responsible for the clinical development and global commercialization of Erivedge. Erivedge is currently marketed and sold in the U.S. by Genentech and in the European Union, Australia and several other countries by Roche.

For a further discussion of our Hedgehog collaboration agreement with Genentech, see “Business—Our Collaborations and License Agreements —Genentech.”

Our Collaborations and License Agreements

Aurigene

In January 2015, we entered into an exclusive collaboration agreement with Aurigene for the discovery, development and commercialization of small molecule compounds in the areas of immuno-oncology and selected precision oncology targets. Under the collaboration agreement, Aurigene granted us an option to obtain exclusive, royalty-bearing licenses to relevant Aurigene technology to develop, manufacture and commercialize products containing certain of such compounds anywhere in the world, except for India and Russia, which are territories retained by Aurigene.

In connection with the collaboration agreement, we issued to Aurigene 3,424,026 shares of our common stock valued at $24.3 million at the time of issuance in partial consideration for the rights granted to us under the collaboration agreement which we recognized as expense during the year ended December 31, 2015. The shares were issued pursuant to a stock purchase agreement with Aurigene dated January 18, 2015.

In September 2016, we and Aurigene entered into an amendment to the collaboration agreement. Under the terms of the amendment, in exchange for the issuance by us to Aurigene of 2,041,666 shares of our common stock, Aurigene waived payment of up to a total of $24.5 million in potential milestones and other payments associated with the first four programs in the collaboration that may have become due from us under the collaboration agreement. To the extent any of these waived milestones or other payments are not payable by us, for example in the event one or more of the milestone events do not occur, we will have the right to deduct the unused waived amount from any one or more of the milestone payment obligations tied to achievement of commercial milestone events. The amendment also provides that, in the event supplemental program activities are performed by Aurigene, we will provide up to $2.0 million of additional funding for each of the third and fourth licensed program. The shares were issued pursuant to a stock purchase agreement with Aurigene dated September 7, 2016.

In February 2020, we and Aurigene further amended our collaboration agreement. Under the terms of the amended agreement, Aurigene will fund and conduct a Phase 2b/3 randomized study evaluating CA-170, in combination with chemoradiation, in approximately 240 patients with non-squamous non-small cell lung cancer, or nsNSCLC. In turn, Aurigene receives rights to develop and commercialize CA-170 in Asia, in addition to its existing rights in India and Russia, based on the terms of the original agreement. We retain U.S., European Union, and rest of world rights to CA-170, and are entitled to receive royalty payments on potential future sales of CA-170 in Asia.

As of December 31, 2020, we have exercised our option to license the following four programs under the collaboration:

1. IRAK4 Program - a precision oncology program of small molecule inhibitors of IRAK4. The development candidate is CA-4948.
2. PD1/VISTA Program - an immuno-oncology program of small molecule antagonists of PD1 and VISTA immune checkpoint pathways. The development candidate is CA-170.
3. PD1/TIM3 Program - an immuno-oncology program of small molecule antagonists of PD1 and TIM3 immune checkpoint pathways. The development candidate is CA-327.
4. In March 2018, we exercised our option to license a fourth program, which is an immuno-oncology program.

For each of our licensed programs (as described above) we are obligated to use commercially reasonable efforts to develop, obtain regulatory approval for, and commercialize at least one product in each of the U.S., specified countries in the European Union and Japan, and Aurigene is obligated to use commercially reasonable efforts to perform its obligations under the development plan for such licensed program in an expeditious manner.

Since January 2015, we have paid $14.5 million in research payments, and Aurigene has waived $19.5 million in milestones under the terms of the collaboration agreement, as amended.

For each of the IRAK4, PD1/VISTA, PD1/TIM3 programs, and the fourth immuno-oncology program: we have remaining unpaid or unwaived payment obligations of $42.5 million per program, related to regulatory approval and commercial sales milestones, plus specified additional payments for approvals for additional indications, if any.

We have agreed to pay Aurigene tiered royalties on our and our affiliates' annual net sales of products at percentage rates ranging from the high single digits up to 10%, subject to specified reductions.

We have agreed to make certain payments to Aurigene upon our entry into sublicense agreements on any program(s), including:

- with respect to amounts that we and our affiliates receive from sublicensees under a licensed program in the U.S. or the European Union, a declining percentage of non-royalty sublicense revenues that is dependent on the stage of the most advanced product for such licensed program at the time the sublicense is granted, including, for example 25% of such amounts following the earlier of (1) initiation of the first Phase 2 trial and (2) determination by us that human proof-of-concept has been established in any indication and 15% of such amounts after initiation of the first pivotal study. This sharing will also extend to royalties that we receive from sublicensees, subject to minimum royalty percentage rates that we are obligated to pay to Aurigene, which generally range from mid-to-high single-digit royalty percentage rates up to 10%;
- with respect to sublicensing revenues we and our affiliates receive from sublicensees under a licensed program in Asia, 50% of such sublicensing revenues, including both non-royalty sublicensee revenues and royalties that we receive from sublicensees; and

- with respect to non-royalty sublicensing revenues we and our affiliates receive from sublicensees under a licensed program outside of the U.S., the European Union and Asia, a percentage of such non-royalty sublicense revenues ranging from 30% to 50%. We are also obligated to share 50% of royalties that we receive from sublicensees that we receive in these territories.

Our royalty payment obligations (including those on sales by sublicensees) under the collaboration agreement with respect to a product in a country will expire on a product-by-product and country-by-country basis on the later of: (i) expiration of the last-to-expire valid claim of the Aurigene patents covering the manufacture, use or sale of such product in such country; and (ii) 10 years from the first commercial sale of such product in such country.

The term of the collaboration agreement begins upon signing and, unless earlier terminated, will expire upon either: (i) 90 days after the completion by Aurigene of its obligations under all research plans if we have not exercised the option with respect to at least one program by such time; or (ii) expiration of the last-to-expire royalty term for any and all products. Upon expiration (but not on earlier termination) of the collaboration agreement, all licenses granted by Aurigene to us that were in effect immediately prior to such expiration shall survive on a non-exclusive, royalty-free, fully paid, irrevocable, perpetual basis.

The collaboration agreement may be terminated, either in its entirety or with respect to a particular program, by either Aurigene or us for uncured material breach by the other party, other than an uncured material breach by the other party of its diligence obligations with respect to a program or licensed program. If an uncured material breach other than a diligence breach relates to a particular program or licensed program, the non-breaching party may terminate the collaboration agreement only with respect to that program or licensed program. However, after initiation of the first pivotal clinical trial of a product for a licensed program, Aurigene may not terminate the collaboration agreement with respect to such licensed program for an uncured non-diligence breach by us, except in the case of our uncured material breach of our payment obligations with respect to such licensed program, but Aurigene may pursue any and all remedies that may be available to it at law or in equity as a result of such breach. Similarly, after initiation of the first pivotal clinical trial of a product for a licensed program, we may not terminate the collaboration agreement with respect to the license we have granted Aurigene for its territory of India and Russia for such licensed program for an uncured non-diligence breach by Aurigene, but we may pursue any and all remedies that may be available to us at law or in equity as a result of such breach.

On a program-by-program basis, we may terminate the collaboration agreement as it relates to a program or licensed program for an uncured breach by Aurigene with respect to such program or licensed program, and Aurigene may terminate the collaboration agreement as it relates to a licensed program for an uncured breach by us with respect to such licensed program.

In addition, we may terminate the collaboration agreement in its entirety or as it relates to a particular program or licensed program or on a country-by-country basis, for any reason or for no reason at any time upon 60 days' prior written notice to Aurigene.

In the event of termination of the collaboration agreement in its entirety before we have exercised the option for any program, or termination of the collaboration agreement as it relates to any program prior to exercise of the option for such program, all rights and licenses granted by either Aurigene or us to the other party with respect to such program under the collaboration agreement (including the option for such program) will automatically terminate.

If the royalty term with respect to a product for any licensed program in any country has expired on or before any termination of the collaboration agreement in its entirety or as to such licensed program, the license granted by Aurigene to us with respect to such product in such country, as well as the corresponding license granted to Aurigene in its territory, shall survive such termination of the collaboration agreement.

Solely in the event of termination of the collaboration agreement by Aurigene for our uncured breach, or our termination of the collaboration agreement for convenience, the following will apply to any program that was a licensed program immediately prior to such termination:

- our license with respect to any licensed program that is not a terminated program (defined below), either in our entire territory or in countries within our territory outside of the terminated region (defined below), as applicable, shall continue in full force and effect, subject to all terms and conditions of the collaboration agreement, including our payment obligations;
- our license with respect to any terminated program, either in our entire territory or in the terminated region, as applicable, shall terminate and revert to Aurigene;
- we will grant Aurigene a perpetual, royalty-free (except for pass-through royalties and milestone payments payable by us under licenses to third-party patent rights with respect to products developed or commercialized by or on behalf

of Aurigene) license, with the right to sublicense, under our relevant patent rights and other technology solely to develop, manufacture and commercialize compounds and products for any terminated program, either in our entire territory or in the terminated region, as applicable. The foregoing license will be non-exclusive with respect to our patent rights and exclusive with respect to our other technology;

- we will grant to Aurigene a right of first negotiation, exercisable within 90 days after termination, to obtain an exclusive, royalty-bearing license, with the right to sublicense, under our relevant patent rights solely to develop, manufacture and commercialize compounds and products for any terminated program, either in our entire territory or in the terminated region, as applicable, upon commercially reasonable terms and conditions to be negotiated in good faith by the parties;
- we will perform other specified activities and actions reasonably necessary for Aurigene to develop, manufacture and commercialize compounds and products for any terminated program, either in our entire territory or in the terminated region, as applicable; and
- the applicable license to Aurigene will survive termination.

For purposes of the foregoing, "terminated program" means: (i) in the case of termination of the collaboration agreement in its entirety by Aurigene for our uncured non-diligence breach, any program that was a licensed program immediately prior to such termination, but excluding, except in the case of our uncured material breach of our payment obligations with respect to such licensed program, any such licensed program for which initiation of the first pivotal clinical trial of a product has occurred prior to such termination; (ii) in the case of any termination of the collaboration agreement as to a particular licensed program by Aurigene either for our uncured non diligence breach (to the extent termination as to such licensed program is permitted) or our uncured diligence breach, such licensed program; (iii) in the case of our termination of the collaboration agreement in its entirety for convenience, any program that was a licensed program immediately prior to such termination; or (iv) in the case of our termination of the collaboration agreement as to a particular licensed program for convenience, such licensed program; provided, however, that, in the case of the preceding clauses (iii) and (iv), if our termination of the collaboration agreement in its entirety or as to a particular licensed program for convenience was with respect only to a particular country or subset of countries within the entire territory as applicable, a terminated region, the applicable licensed program(s) shall be considered "terminated program(s)" only in the terminated region but shall remain licensed program(s) in the rest of our territory.

ImmuNext

In January 2020, we entered into an option and license agreement with ImmuNext, or the ImmuNext Agreement Under the terms of the ImmuNext Agreement, we agreed to engage in a collaborative effort with ImmuNext, and to conduct a Phase 1a/1b clinical trial of CI-8993. In exchange, ImmuNext granted us an exclusive option, exercisable until the earlier of (a) four years after January 6, 2020 and (b) 90 days after database lock for the first Phase 1a/1b trial in which the endpoints are satisfied, or the Option Period, to obtain an exclusive, worldwide license to develop and commercialize certain VISTA antagonizing compounds and products containing these compounds in the field of oncology.

A joint steering committee composed of representatives from each of the parties will manage the non-clinical and clinical development of the VISTA compounds and products during the Option Period, including, but not limited to, the approval of the plan for the Phase 1a/1b trial.

During the Option Period, we will conduct the Phase 1a/1b trial and ImmuNext will conduct certain agreed upon non-clinical research activities to support the Phase 1a/1b trial. During the Option Period, we will assign to ImmuNext all right, title and interest in and to, inventions made by us alone or jointly with ImmuNext in conducting clinical and non-clinical activities under the ImmuNext Agreement during the Option Period and any patent rights covering those inventions. Effective as of the option exercise date (if any), ImmuNext will assign to us (i) all such inventions that were made solely by us and any patent rights covering those inventions that were assigned by us to ImmuNext during the Option Period and (ii) a joint ownership interest in all such inventions that were made jointly by us and ImmuNext and patent rights covering those inventions that we assigned to ImmuNext during the option period, except for any of those inventions that relates to compounds as to which ImmuNext has retained exclusive rights.

In January 2020, we paid $1.3 million in an upfront fee to ImmuNext. In addition, if we exercise the option, we will pay ImmuNext an option exercise fee of $20.0 million. ImmuNext will be eligible to receive up to $4.6 million in potential development milestones, up to $84.3 million in potential regulatory approval milestones, and up to $125.0 million in potential sales milestone payments from us. ImmuNext is also eligible to receive tiered royalties on annual net sales on a product-by-product and country-by-country basis, at percentage rates ranging from high single digits to low double digits, subject to specified adjustments.

Our royalty payment obligations under the ImmuNext Agreement with respect to a product in a country will expire on the later of (i) expiration of the last-to-expire valid claim of the ImmuNext patents or jointly owned patents covering the

manufacture, use or sale of such product in such country, (ii) the expiration of all regulatory exclusivity for such product in such country, and (iii) 10 years from the first commercial sale of such product in such country.

In partial consideration for drug substance, technical advice, and maintenance of ImmuNext's existing IND and access to ImmuNext's technology during the Option Period, we will make semi-annual maintenance fee payments of $0.4 million to ImmuNext. In addition, we will reimburse ImmuNext for certain documented external costs and expenses incurred by ImmuNext in carrying out non-clinical research activities approved by the joint steering committee, up to $0.3 million per calendar year, unless otherwise agreed to by both parties in writing.

We have agreed to pay ImmuNext a low double-digit percentage of sublicense revenue received by us or our Affiliates.

The term of the ImmuNext Agreement began on January 6, 2020, and, unless earlier terminated, will expire upon either: (a) expiration of the Option Period if we have not exercised the Option; or (b) expiration of all royalty payment obligations for any and all products. Upon expiration (but not on earlier termination) of the ImmuNext Agreement after exercise of the option, the license granted by ImmuNext to us shall automatically become fully paid-up, royalty-free, irrevocable and perpetual.

The ImmuNext Agreement may be terminated by either us or ImmuNext for an uncured material breach by the other party or if the other party files for bankruptcy or insolvency. ImmuNext may terminate the ImmuNext Agreement if we or any of our affiliates or sublicensees challenges any ImmuNext patents licensed to us or if we cease all research, development, manufacturing and commercialization activities for the products for a specified continuous period of time. We may terminate the ImmuNext Agreement for convenience, in its entirety or on a product-by-product basis.

In the event we terminate the ImmuNext Agreement for convenience or ImmuNext terminates the ImmuNext Agreement for uncured material breach, patent challenge, cessation of product-related activities or filing of bankruptcy or insolvency by us, then all rights and licenses granted to us will terminate, and, subject to specified royalty payment obligations of ImmuNext, we will grant ImmuNext (i) an exclusive, perpetual, nontransferable, worldwide license under patents controlled by us and (ii) a non-exclusive license under any know-how controlled by us, in each case, that are necessary or reasonably useful for the exploitation of the ImmuNext compounds antagonizing VISTA or products we were developing or commercializing under the ImmuNext Agreement, and solely to exploit such compounds and products.

In the event we terminate the ImmuNext Agreement for uncured material breach or filing of bankruptcy or insolvency by ImmuNext after exercising the option, then the licenses granted by ImmuNext shall survive in perpetuity, subject to our obligation to pay milestone payments and royalties to ImmuNext in accordance with the ImmuNext Agreement.

Genentech

In 2003, we entered into a collaborative research, development and license agreement with Genentech, which we refer to as the collaboration agreement.

Under the terms of our collaboration agreement with Genentech, we granted Genentech an exclusive, global, royalty-bearing license, with the right to sublicense, to make, use, sell and import molecules capable of inhibiting the Hedgehog signaling pathway (including small molecules, proteins and antibodies) for human therapeutic applications, including cancer therapy. Genentech subsequently granted a sublicense to Roche for non-U.S. rights to Erivedge other than in Japan where such rights are held by Chugai. Genentech and Roche are responsible for worldwide clinical development, regulatory affairs, manufacturing and supply, formulation, and sales and marketing.

We are eligible to receive up to an aggregate of $115.0 million in contingent cash milestone payments, exclusive of royalty payments, in connection with the development of Erivedge or another small molecule Hedgehog pathway inhibitor, assuming the successful achievement by Genentech and Roche of specified clinical development and regulatory objectives. Of this amount, we have received $59.0 million to date.

In addition to the contingent cash milestone payments, our wholly owned subsidiary, Curis Royalty, LLC, or Curis Royalty, is entitled to a royalty on net sales of Erivedge that ranges from 5% to 7.5% based upon global Erivedge sales by Roche and Genentech. The royalty rate applicable to Erivedge may be decreased by 2% on a country-by-country basis in certain specified circumstances, including when a competing product that binds to the same molecular target as Erivedge is approved by the applicable country's regulatory authority in another country and is being sold in such country by a third-party for use in the same indication as Erivedge, or, when there is no issued intellectual property covering Erivedge in a territory in which sales are recorded. During the third quarter of 2015, the FDA and the European Medicine Agency's Committee for Medicinal Products for Human Use, or CHMP approved another Hedgehog signaling pathway inhibitor, Odomzo® (sonidegib), which is marketed by Sun Pharmaceutical Industries Ltd., for use in locally advanced BCC. Accordingly, Genentech reduced royalties to Curis Royalty on its net sales in the United States of Erivedge by 2% since the fourth quarter of 2015, and we anticipate that Genentech will reduce by 2% royalties on net sales of Erivedge outside of the United States on a country-by-country basis to the extent that sonidegib is approved by the applicable country's regulatory authority and is being sold in such country.

However, pursuant to the Oberland Purchase Agreement described below, we have retained our rights with respect to the 2% of royalties that are subject to such reduction in countries where such reduction may or has occurred, subject to the terms and conditions of the Oberland Purchase Agreement, which we refer to as the "Retained Royalty Amounts".

As a result of our licensing agreements with various universities, we are also obligated to make payments to university licensors on royalties that Curis Royalty earns in all territories (other than Australia) in an amount that is equal to 5% of the royalty payments received from Genentech. This obligation endures on a country-by-country basis for a period of 10 years from the first commercial sale of Erivedge, which occurred in February 2012 in the U.S. For royalties that we earn from Roche's sales of Erivedge in Australia, we were obligated to make payments to university licensors of 2% of Roche's direct net sales in Australia until the expiration of the Australian patent in April 2019, after which the amount has decreased to 5% of the royalty payments that we receive from Genentech for the remainder of the period ending 10 years from the first commercial sale of Erivedge.

Unless terminated earlier, the collaboration agreement will expire six months after the later of the expiration of Genentech's obligation to pay royalties to us under the agreement or such time as no activities have occurred under the agreement for a period of twelve months. The collaboration agreement may be terminated earlier by either party for cause upon sixty days prior written notice. In addition, Genentech may terminate the agreement, either in whole or in part, without cause, upon six months prior written notice. In the event of any termination where specific license grants survive, we will continue to have the right to receive clinical development and regulatory approval milestones and royalties on product sales for such licensed compound, if any. If we terminate the agreement for cause or Genentech terminates the agreement without cause, all licenses granted to Genentech automatically terminate and revert to us. In addition, Genentech has agreed that it will no longer conduct any development or commercialization activities on any compounds identified in the course of conducting activities under the research plan for the agreement for so long as such compounds continue to be covered by valid patent claims.

Transactions Related to Erivedge Royalties

In November 2012, we formed a wholly owned subsidiary, Curis Royalty, which received a $30.0 million loan at an annual interest rate of 12.25% pursuant to a credit agreement between Curis Royalty and BioPharma Secured Debt Fund II Sub, S. à r. l., a Luxembourg limited liability company managed by Pharmakon Advisors, or BioPharma-II. In connection with the loan, we transferred to Curis Royalty our rights to receive royalty and royalty related payments on the commercial sales of Erivedge that we receive from Genentech, and any payment made by Genentech to us pursuant to Genentech's indemnification obligations under the collaboration agreement. The loan and accrued interest was being repaid by Curis Royalty using such royalty and royalty related payments. The loan constituted an obligation of Curis Royalty and was non-recourse to Curis.

Under the terms of the credit agreement, with BioPharma-II, quarterly royalty and royalty-related payments from Genentech were first applied to pay interest and second, principal on the loan from BioPharma-II. As a result of the loan received from BioPharma-II, we continued to record royalty revenue from Genentech and applied such revenues to pay down such loan. Curis Royalty retained the right to royalty payments related to sales of Erivedge following repayment of the loan.

In March 2017, we and Curis Royalty entered into a new credit agreement with HealthCare Royalty Partners III, L.P., or HealthCare Royalty, for the purpose of refinancing and terminating the loan from BioPharma-II. HealthCare Royalty made a $45.0 million loan at an interest rate of 9.95% to Curis Royalty, which was used, in part, to pay off $18.4 million in remaining loan obligations to BioPharma-II under the prior loan, with the residual proceeds of $26.6 million distributed to us as sole equity member of Curis Royalty. On March 22, 2019 we terminated the loan with HealthCare Royalty, and repaid in full all amounts outstanding under the credit agreement.

In connection with our repayment and termination of the credit agreement with HealthCare Royalty, on March 22, 2019, we and Curis Royalty entered into a royalty interest purchase agreement, referred to as the Oberland Purchase Agreement, with TPC Investments I LP and TPC Investments II LP, referred to as the Purchasers, each of which is a Delaware limited partnership managed by Oberland Capital Management, LLC, and Lind SA LLC, referred to as the Agent, a Delaware limited liability company managed by Oberland Capital Management, LLC, as collateral agent for the Purchasers, for the purpose of providing operating cash flow and extinguishing the credit agreement with HealthCare Royalty. In connection with entering in the Oberland Purchase Agreement, Curis Royalty and the Agent also entered into a security agreement, we and the Agent entered into a pledge agreement and we and Curis Royalty entered into a consent and payment direction letter agreement with Genentech.

Pursuant to the Oberland Purchase Agreement, the Purchasers acquired the rights to a portion of certain royalty and royalty-related payments excluding a portion of non-US royalties retained by Curis Royalty, referred to as the Purchased Receivables, owed by Genentech under our collaboration agreement with Genentech. Upon closing of the Oberland Purchase Agreement, Curis Royalty received an upfront purchase price of $65.0 million from the Purchasers, approximately $33.8 million of which was used to pay off the remaining loan principal under the credit agreement with HealthCare Royalty, and $3.7 million of which was used to pay transaction costs, including $3.4 million to HealthCare Royalty in accrued and unpaid

interest and prepayment fees under the credit agreement, resulting in net proceeds of $27.5 million. Curis Royalty will also be entitled to receive milestone payments of (i) $17.2 million if the Purchasers and Curis Royalty receive aggregate royalty payments as described in clauses (4) and (5) of the following paragraph pursuant to the Oberland Purchase Agreement in excess of $18.0 million during the calendar year 2021 and (ii) $53.5 million if the Purchasers receive payments pursuant to the Oberland Purchase Agreement in excess of $117.0 million on or prior to December 31, 2026, which milestone payments may each be paid, at the option of the Purchasers, in a lump sum in cash or out of the Purchaser's portion of future payments under the Oberland Purchase Agreement.

Pursuant to the terms of the Oberland Purchase Agreement, so long as an event of default by Curis Royalty has not occurred under the security agreement, royalty and royalty-related payments owed by Genentech under the Genentech collaboration agreement in each calendar year shall be allocated in the following order: (1) Curis Royalty shall receive payments reflecting the Retained Royalty Amounts (as defined above) to the extent actually paid by Genentech under the Genentech collaboration agreement, (2) Curis Royalty shall receive payments to satisfy Curis' royalty obligations to certain academic institutions subject to a specified percentage cap and/or a specified period of time, (3) Curis Royalty shall receive a fixed amount of payments to reimburse intellectual property and other enforcement costs, whether or not actually incurred by us, (4) the Purchasers shall receive 100.0% of all payments up to $13.2 million in the aggregate in such calendar year, and (5) any additional payments in such calendar year shall be paid 65.0% to Curis Royalty and 35.0% to the Purchasers.

The Oberland Purchase Agreement also provides that, so long as an event of default by Curis Royalty has not occurred under the security agreement, if Curis Royalty recovers any monetary award or settlement or any other non-ordinary course lump sum payment made in respect of the royalty and royalty-related payments owed by Genentech under the Genentech collaboration agreement that does not specifically relate to any calendar period, then such payment or other recovery shall be allocated in the following order: (1) Curis Royalty shall receive payments to satisfy Curis' royalty obligations to certain academic institutions up to a specified percentage cap, (2) the Purchasers shall receive 100.0% of all such payments up to an amount equal to the product of $13.2 million and the number of full calendar years, and any fraction thereof, in the period beginning on the first day of the calendar quarter in which such payment or other recovery is received and ending on December 31, 2028, subject to certain exceptions, and (3) any additional payment shall be paid 65.0% to Curis Royalty and 35.0% to the Purchasers. Following an event of default under the security agreement, the Agent has the right to stop all allocations of payments that would have otherwise been allocated to Curis Royalty pursuant to the foregoing two paragraphs and instead retain all such payments.

In addition, the Oberland Purchase Agreement provides that after the occurrence of an event of default by Curis Royalty under the security agreement, as described below, the Purchasers shall have the option, for a period of 180 days, to require Curis Royalty to repurchase the Purchased Receivables at a price, referred to as the Put/Call Price, equal to a percentage, beginning at a low triple digit percentage and increasing over time up to a low-mid triple digit percentage of the sum of the upfront purchase price and any portion of the milestone payments paid in a lump sum by the Purchasers, if any, minus certain payments previously received by the Purchasers with respect to the Purchased Receivables. Additionally, Curis Royalty shall have the option at any time to repurchase the Purchased Receivables at the Put/Call Price as of the date of such repurchase.

The Oberland Purchase Agreement will terminate upon the earlier to occur of (i) the date on which Curis Royalty's rights to receive the Purchased Receivables owed by Genentech under the Genentech collaboration agreement have terminated in their entirety and (ii) the date on which payment in full of the Put/Call Price is received by the Purchasers pursuant to the Purchasers' exercise of their put option or Curis Royalty's exercise of its call right as described above.

Pursuant to the security agreement, Curis Royalty granted to the Agent a first priority lien and security interest in all of its assets and all real, intangible and personal property, including all of its right, title and interest in and to the Erivedge royalty payments pursuant to a security agreement. The security interest secures the obligations of Curis Royalty arising under the Oberland Purchase Agreement, the security agreement or otherwise with respect to the due and prompt payment of (i) an amount equal to the Put/Call Price and (ii) all fees, costs, expenses, indemnities and other payments of Curis Royalty under or in respect of the Oberland Purchase Agreement and the security agreement. Additionally, in connection with the transaction, Curis granted to the Agent a first priority lien and security interest of Curis' equity interest in Curis Royalty pursuant to a pledge agreement.

Corporate Information

We were organized as a Delaware corporation in February 2000. We began our operations in July 2000 upon the completion of the merger of Creative BioMolecules, Inc., Ontogeny, Inc. and Reprogenesis, Inc. Our principal executive office is located at 128 Spring Street, Building C – Suite 500, Lexington, MA 02421 and our telephone number is (617) 503-6500.

Curis® and the Curis logo are trademarks or registered trademarks of Curis, and Erivedge® is a trademark of Genentech. This annual report on Form 10-K may also contain trademarks and trade names of others.

Website Access to Reports

We maintain a website with the address www.curis.com. We are not including the information contained in our website as part of, or incorporating it by reference into, this annual report on Form 10-K. Our website address is included in this annual report on Form 10-K as an inactive textual reference only. We make available free of charge through our website our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and any such amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission, or SEC. The SEC maintains a website, www.sec.gov, that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. In addition, we provide paper copies of our filings free of charge upon request. We also make available on our website our corporate governance guidelines, the charters for our audit committee, compensation committee and nominating and corporate governance committee, and our code of business conduct and ethics, and such information is available in print to any stockholder of Curis who requests it.

Intellectual Property

Our policy is to obtain and enforce the patents and proprietary technology rights that are key to our business. We intend to continue to file U.S. and foreign patent applications to protect technology, inventions and improvements that are considered important 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 or are effectively maintained as trade secrets.

In the U.S., as of December 31, 2020, we have 73 issued or allowed patents expiring on various dates between 2021 and 2038 as well as numerous pending patent applications. We have foreign counterpart patent filings for most of our U.S. issued patents and patent applications. These patents and patent applications are directed to various inventions including compositions of matter, methods of making and using these compositions for multiple applications, methods for drug screening and discovery, developmental biological processes, and patents which relate to our proprietary technologies.

Fimepinostat and other Targeted Drug Candidates. As of December 31, 2020, we have 27 issued or allowed U.S. patents that expire on various dates between 2027 and 2032, including patents covering the composition of matter for fimepinostat, which expires in 2032. We also have several U.S. and foreign utility patent applications directed to our novel small molecules. Our patents and patent applications cover compositions of matter, methods of manufacturing these molecules, formulations, and methods of using these molecules to treat a variety of therapeutic indications. We intend to continue to file additional U.S. and foreign applications as the programs progress.

CA-4948, CA-170, CA-327 and other Aurigene Collaboration Programs. In conjunction with the October 2015 exercise of options to license the PDL1/VISTA and IRAK-4 programs, the October 2016 exercise of our option to license the PDL1/ TIM3 program under this collaboration, and the March 2018 exercise of our option to the fourth program in immuno-oncology, we obtained world-wide (except for India and Russia) exclusive licenses to the Aurigene intellectual property relevant to the program. The portfolio consists of U.S. and foreign filings which cover various genera of compounds from each program and methods of use thereof. As of December 31, 2020, there are 14 issued or allowed U.S. patents expiring between 2030 and 2038 included in such filings.

Erivedge and the Hedgehog Signaling Pathway. As of December 31, 2020, we have 22 issued U.S. patents expiring on various dates between 2021 and 2036, which relate to the Hedgehog signaling pathway, including patents covering Erivedge's composition of matter, which expires in 2028. Our patents and patent applications cover proteins, and certain small molecule agonists and inhibitors of the Hedgehog signaling pathway, drug screening and discovery methods, as well as methods of using Hedgehog proteins, antibodies or small molecules to activate or inhibit the Hedgehog signaling pathway for a variety of therapeutic indications or diagnostic uses. In addition, we have filed foreign patent applications corresponding to many of the aforementioned U.S. filings that could provide additional patent protection for products that activate or inhibit the Hedgehog signaling pathway.

CI-8993. Under our ImmuNext agreement as of December 31, 2020 there are 10 issued or allowed U.S. patents expiring on various dates between 2025 and 2035, which relate to anti-VISTA antibodies including CI-8993. In addition, there are foreign patent applications filed corresponding to many of the aforementioned U.S. filings that could provide additional patent protection for anti-VISTA antibody products including CI-8993.

Our academic and research institution collaborators have certain rights to publish data and information regarding their discoveries to which we have rights. While we believe that the prepublication access to the data developed by our collaborators pursuant to our collaboration agreements will be sufficient to permit us to apply for patent protection in the areas in which we are interested in pursuing further research, there is considerable pressure on such institutions to rapidly publish discoveries arising from their efforts. This may affect our ability to obtain patent protection in the areas in which we may have an interest.

In addition, these collaboration agreements typically contain provisions that provide us with, at a minimum, an option to license the institution's rights to intellectual property arising from the collaboration.

We are party to various license agreements that give us rights to commercialize various technologies, particularly our Hedgehog signaling pathway technologies, and to use technologies in our research and development processes. The consideration payable in exchange for these licenses includes up-front fees, issuances of shares of common stock, annual royalties, milestone payments and royalties on net sales by our sub-licensees and us. The licensors may terminate these agreements if we fail to meet certain diligence requirements, fail to make payments or otherwise commit a material breach that is not cured after notice.

In addition, we depend upon trade secrets, know-how 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 to us.

Research and Development Program

As of December 31, 2020, our research and development group consisted of 17 employees, including medical doctors, molecular biologists, cell biologists, and other clinical or scientific disciplines who seek to identify and develop new applications for our existing proprietary portfolio.

Government Regulation and Product Approval

Government authorities in the United States, at the federal, state and local level, and in other countries and jurisdictions, including the EU, extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, sales, pricing, reimbursement, post-approval monitoring and reporting, and import and export of pharmaceutical products. The processes for obtaining regulatory approvals in the United States and in foreign countries and jurisdictions, along with subsequent compliance with applicable statutes and regulations and other regulatory authorities, require the expenditure of substantial time and financial resources.

Review and Approval of Drugs and Biologics in the United States

In the United States, the FDA approves and regulates drugs under the Federal Food, Drug, and Cosmetic Act, or FDCA, and related regulations.

Biological products are licensed for marketing under the Public Health Service Act, or PHSA, and subject to regulation under the FDCA and related regulations. An applicant seeking approval to market and distribute a new drug product in the United States must typically secure the following:

- completion of preclinical laboratory tests in compliance with the FDA's good laboratory practice, or GLP, regulations;
- submission to the FDA of an investigational new drug application, or IND, which must take effect before human clinical trials may begin;
- approval by an independent institutional review board, or IRB, representing each clinical site before each clinical trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with good clinical practices, or GCPs, to establish the safety and efficacy of the proposed drug product for each proposed indication;
- submission to the FDA of a new drug application, or NDA, for a drug candidate product and a biological licensing application, or BLA, for a biological product requesting marketing for one or more proposed indications;
- review of the request for approval by an FDA advisory committee, where appropriate or if applicable;
- completion of one or more FDA inspections of the manufacturing facility or facilities at which the product, or components thereof, are produced to assess compliance with current Good Manufacturing Practices, or similar foreign standards, which we refer to as cGMPs, to assure the product's identity, strength, quality and purity;
- satisfactory completion of FDA audits of clinical trial sites to assure compliance with GCPs and the integrity of the clinical data;

- payment of user fees and securing FDA approval of the NDA or BLA; and
- compliance with any post-approval requirements, including the potential requirement to implement a Risk Evaluation and Mitigation Strategy, or REMS, and the potential requirement to conduct post-approval studies.

Preclinical Studies

Before an applicant begins testing a compound with potential therapeutic value in humans, the product candidate enters the preclinical testing stage. Preclinical studies include laboratory evaluation of purity and stability of the manufactured substance, or active pharmaceutical ingredient and the formulated product, as well as *in vitro* and animal studies to assess the safety and activity of the product candidate for initial testing in humans and to establish a rationale for therapeutic use. The conduct of preclinical studies is subject to federal regulations and requirements, including GLP regulations. Some long-term preclinical testing, such as animal tests of reproductive adverse events and carcinogenicity, and long-term toxicity studies, may continue after the IND is submitted.

The IND and IRB Processes

An IND is a request for FDA authorization to administer an investigational product candidate to humans. Such authorization must be secured prior to interstate shipment and administration of any new drug or biologic that is not the subject of an approved NDA or BLA. In support of a request for an IND, applicants must submit a protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND. In addition, the results of the preclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and plans for clinical trials, among other things, are submitted to the FDA as part of an IND. The FDA requires a 30-day waiting period after the filing of each IND before clinical trials may begin. This waiting period is designed to allow the FDA to review the IND to determine whether human research subjects will be exposed to unreasonable health risks. At any time during this 30-day period, or thereafter, the FDA may raise concerns or questions about the conduct of the trials as outlined in the IND and impose a clinical hold or partial clinical hold. In this case, the IND sponsor and the FDA must resolve any outstanding concerns before clinical trials can begin.

Following commencement of a clinical trial under an IND, the FDA may also place a clinical hold or partial clinical hold on that trial. Clinical holds are imposed by the FDA whenever there is concern for patient safety and may be a result of new data, findings, or developments in clinical, nonclinical, and/or chemistry, manufacturing and controls (CMC). A clinical hold is an order issued by the FDA to the sponsor to delay a proposed clinical investigation or to suspend an ongoing investigation. A partial clinical hold is a delay or suspension of only part of the clinical work requested under the IND. For example, a specific protocol or part of a protocol is not allowed to proceed, while other protocols may do so. No more than 30 days after imposition of a clinical hold or partial clinical hold, the FDA will provide the sponsor a written explanation of the basis for the hold. Following issuance of a clinical hold or partial clinical hold, an investigation may only resume after the FDA has notified the sponsor that the investigation may proceed. The FDA will base that determination on information provided by the sponsor correcting the deficiencies previously cited or otherwise satisfying the FDA that the investigation can proceed.

A sponsor may choose, but is not required, to conduct a foreign clinical study under an IND. When a foreign clinical study is conducted under an IND, all IND requirements must be met unless waived. When a foreign clinical study is not conducted under an IND, the sponsor must ensure that the study complies with certain regulatory requirements of the FDA in order to use the study as support for an IND or application for marketing approval. The FDA's regulations are intended to help ensure the protection of human subjects enrolled in non-IND foreign clinical studies, as well as the quality and integrity of the resulting data. They further help ensure that non-IND foreign studies are conducted in a manner comparable to that required for IND studies.

In addition to the foregoing IND requirements, an IRB representing each institution participating in the clinical trial must review and approve the plan for any clinical trial before it commences at that institution, and the IRB must conduct a continuing review and reapprove the trial at least annually. The IRB must review and approve, among other things, the trial protocol and informed consent information to be provided to trial subjects. An IRB must operate in compliance with FDA regulations. An IRB can suspend or terminate approval of a clinical trial at its institution, or an institution it represents, if the clinical trial is not being conducted in accordance with the IRB's requirements or if the product candidate has been associated with unexpected serious harm to patients.

The FDA's primary objectives in reviewing an IND are to assure the safety and rights of patients and to help assure that the quality of the investigation will be adequate to permit an evaluation of the drug's effectiveness and safety and of the biological product's safety, purity and potency. Additionally, some trials are overseen by an independent group of qualified experts organized by the trial sponsor, known as a data safety monitoring board, or DSMB, or committee. This group provides authorization for whether a trial may move forward at designated check points based on access that only the group maintains to

available data from the trial. Suspension or termination of development during any phase of clinical trials can occur if it is determined that the participants or patients are being exposed to an unacceptable health risk. Other reasons for suspension or termination may be made based on evolving business objectives and/or competitive climate.

Information about clinical trials must be submitted within specific timeframes to the National Institutes of Health, or NIH, for public dissemination on its ClinicalTrials.gov website.

Expanded Access to an Investigational Drug for Treatment Use

Expanded access, sometimes called "compassionate use," is the use of investigational new drug products outside of clinical trials to treat patients with serious or immediately life-threatening diseases or conditions when there are no comparable or satisfactory alternative treatment options. FDA regulations allow access to investigational drugs under an IND by the company or the treating physician for treatment purposes on a case-by-case basis for: individual patients (single-patient IND applications for treatment in emergency settings and non-emergency settings); intermediate-size patient populations; and larger populations for use of the drug under a treatment protocol or Treatment IND Application.

When considering an IND application for expanded access to an investigational product with the purpose of treating a patient or a group of patients, the sponsor and treating physicians or investigators will determine suitability when all of the following criteria apply: patient(s) have a serious or immediately life-threatening disease or condition, and there is no comparable or satisfactory alternative therapy to diagnose, monitor, or treat the disease or condition; the potential patient benefit justifies the potential risks of the treatment and the potential risks are not unreasonable in the context or condition to be treated; and the expanded use of the investigational drug for the requested treatment will not interfere initiation, conduct, or completion of clinical investigations that could support marketing approval of the product or otherwise compromise the potential development of the product.

Companies are required to make their expanded access policies publicly available upon the earlier of initiation of a Phase 2 or Phase 3 study; or 15 days after the drug or biologic receives designation as a breakthrough therapy, fast track product, or regenerative medicine advanced therapy.

In addition, on May 30, 2018, the Right to Try Act, was signed into law. The law, among other things, provides a federal framework for certain patients to access certain investigational new drug products that have completed a phase I clinical trial and that are undergoing investigation for FDA approval. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA permission under the FDA expanded access program. There is no obligation for a drug manufacturer to make its drug products available to eligible patients, but the manufacturer must develop an internal policy and respond to patient requests according to that policy.

Human Clinical Studies in Support of an NDA or BLA

Clinical trials involve the administration of the investigational product to human subjects under the supervision of qualified investigators in accordance with GCP requirements, which include, among other things, the requirement that all research subjects provide their informed consent in writing before their participation in any clinical trial. Clinical trials are conducted under written trial protocols detailing, among other things, the inclusion and exclusion criteria, the objectives of the trial, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated.

The clinical investigation of an investigational drug or biological product is generally divided into four phases. Although the phases are usually conducted sequentially, they may overlap or be combined. The four phases of an investigation are as follows:

- ***Phase 1.*** Phase 1 studies include the initial introduction of an investigational new drug or biological product into humans. These studies are designed to evaluate the safety, dosage tolerance, metabolism and pharmacologic actions of the investigational drug or biological product in humans, the side effects associated with increasing doses, and if possible, to gain early evidence on effectiveness.

- ***Phase 2.*** Phase 2 includes the controlled clinical trials conducted to preliminarily or further evaluate the effectiveness of the investigational drug or biological product for a particular indication(s) in patients with the disease or condition under trial, to determine dosage tolerance and optimal dosage, and to identify possible adverse side effects and safety risks associated with the drug or biological product. Phase 2 clinical trials are typically well-controlled, closely monitored, and conducted in a limited patient population.

- ***Phase 3.*** Phase 3 clinical trials are generally controlled clinical trials conducted in an expanded patient population generally at geographically dispersed clinical trial sites. They are performed after preliminary evidence suggesting

effectiveness of the drug or biological product has been obtained, and are intended to further evaluate dosage, clinical effectiveness and safety, to establish the overall benefit-risk relationship of the investigational drug or biological product, and to provide an adequate basis for product approval.

- ***Phase 4.*** Post-approval studies may be conducted after initial marketing approval. These studies are used to gain additional experience from the treatment of patients in the intended therapeutic indication.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and more frequently if serious adverse events occur. In addition, IND safety reports must be submitted to the FDA for any of the following: serious and unexpected suspected adverse reactions; findings from other studies or animal or *in vitro* testing that suggest a significant risk in humans exposed to the drug; and any clinically important increase in the case of a serious suspected adverse reaction over that listed in the protocol or investigator brochure. The FDA will typically inspect one or more clinical sites to assure compliance with GCP and the integrity of the clinical data submitted.

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

Finally, under the Pediatric Research Equity Act of 2003, an application or supplement thereto must contain data that are adequate to assess the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations, and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. Sponsors must also submit pediatric study plans prior to the assessment data. Those plans must contain an outline of the proposed pediatric study or studies the applicant plans to conduct, including study objectives and design, any deferral or waiver requests and other information required by regulation. The applicant, the FDA, and the FDA's internal review committee must then review the information submitted, consult with each other and agree upon a final plan. The FDA or the applicant may request an amendment to the plan at any time.

Submission and Review of an NDA or BLA by the FDA

In order to obtain approval to market a drug or biological product in the United States, a marketing application must be submitted to the FDA that provides data establishing the safety and effectiveness of the proposed drug product for the proposed indication, and the safety, purity and potency of the biological product for its intended indication. The application includes all relevant data available from pertinent preclinical and clinical trials, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's chemistry, manufacturing, controls and proposed labeling, among other things. Data can come from company-sponsored clinical trials intended to test the safety and effectiveness of a use of a product, or from a number of alternative sources, including studies initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and effectiveness of the investigational drug product and the safety, purity and potency of the biological product to the satisfaction of the FDA.

The application is the vehicle through which applicants formally propose that the FDA approve a new product for marketing and sale in the United States for one or more indications. Every new product candidate must be the subject of an approved NDA or BLA before it may be commercialized in the United States. Under federal law, the submission of most applications is subject to an application user fee, which for federal fiscal year 2021 is $2.9 million for an application requiring clinical data. The sponsor of an approved application is also subject to an annual program fee, which for fiscal year 2021 is $0.3 million. Certain exceptions and waivers are available for some of these fees, such as an exception from the application fee for products with orphan designation and a waiver for certain small businesses. If an application is withdrawn prior to the FDA acceptance for filing, 75% of these fees may be refunded to the sponsor. If an application is withdrawn after filing, a lower portion of these fees may be refunded in certain circumstances

Following submission of an NDA or BLA, the FDA conducts a preliminary review of the application generally within 60 calendar days of its receipt and strives to inform the sponsor by the 74th day after the FDA's receipt of the submission to determine whether the application is sufficiently complete to permit substantive review. The FDA may request additional information rather than accept the application for filing. In this event, the application must be resubmitted with the additional information. Once the submission is accepted for filing, the FDA begins an in-depth substantive review. The FDA has agreed to specified performance goals in the review process of NDAs and BLAs. Under that agreement, 90% of applications seeking approval of New Molecular Entities, or NMEs, are meant to be reviewed within ten months from the date on which FDA

accepts the NDA for filing, and 90% of applications for NMEs that have been designated for "priority review" are meant to be reviewed within six months of the filing date. The review process and the Prescription Drug User Fee Act goal date may be extended by the FDA for three additional months to consider new information or clarification provided by the applicant to address an outstanding deficiency identified by the FDA following the original submission.

Before approving an application, the FDA typically will inspect the facility or facilities where the product is or will be manufactured. These pre-approval inspections may cover all facilities associated with an NDA or BLA submission, including drug component manufacturing, (e.g., active pharmaceutical ingredients), finished drug product manufacturing, and control testing laboratories. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA or BLA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP.

In addition, as a condition of approval, the FDA may require an applicant to develop a Risk Evaluation and Mitigation Strategy, or REMS. REMS use risk minimization strategies beyond the professional labeling to ensure that the benefits of the product outweigh the potential risks. To determine whether a REMS is needed, the FDA will consider the size of the population likely to use the product, seriousness of the disease, expected benefit of the product, expected duration of treatment, seriousness of known or potential adverse events, and whether the product is a new molecular entity. Under the FDA Reauthorization Act of 2017, the FDA must implement a protocol to expedite review of responses to inspection reports pertaining to certain applications, including applications for products in shortage or those for which approval is dependent on remediation of conditions identified in the inspection report.

The FDA may refer an application for a novel product to an advisory committee or explain why such referral was not made. Typically, an advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

The FDA's Decision on an NDA or BLA

On the basis of the FDA's evaluation of the application and accompanying information, including the results of the inspection of the manufacturing facilities, the FDA may issue an approval letter or a complete response letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. A complete response letter generally outlines the deficiencies in the submission and may require substantial additional testing or information in order for the FDA to reconsider the application. If and when those deficiencies have been addressed to the FDA's satisfaction in a resubmission of the NDA, the FDA will issue an approval letter. The FDA has committed to reviewing such resubmissions in two or six months depending on the type of information included. Even with submission of this additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

If the FDA approves a product, it may limit the approved indications for use for the product, require that contraindications, warnings or precautions be included in the product labeling, require that post-approval studies, including phase 4 clinical trials, be conducted to further assess the drug's safety after approval, require testing and surveillance programs to monitor the product after commercialization, or impose other conditions, including distribution restrictions or other risk management mechanisms, including REMS, which can materially affect the potential market and profitability of the product. The FDA may prevent or limit further marketing of a product based on the results of post-market studies or surveillance programs. After approval, many types of changes to the approved product, such as adding new indications, manufacturing changes and additional labeling claims, are subject to further testing requirements and FDA review and approval.

Fast Track, Breakthrough Therapy, Priority Review and Regenerative Advanced Therapy Designations

The FDA is authorized to designate certain products for expedited review if they are intended to address an unmet medical need in the treatment of a serious or life-threatening disease or condition. These programs are referred to as fast track designation, breakthrough therapy designation, priority review designation and regenerative advanced therapy designation

Specifically, the FDA may designate a product for Fast Track review if it is intended, whether alone or in combination with one or more other products, for the treatment of a serious or life-threatening disease or condition, and it demonstrates the potential to address unmet medical needs for such a disease or condition. For Fast Track products, sponsors may have greater interactions with the FDA and the FDA may initiate review of sections of a Fast Track product's application before the application is complete. This rolling review may be available if the FDA determines, after preliminary evaluation of clinical data submitted by the sponsor, that a Fast Track product may be effective. The sponsor must also provide, and the FDA must approve, a schedule for the submission of the remaining information and the sponsor must pay applicable user fees. However,

the FDA's time period goal for reviewing a Fast Track application does not begin until the last section of the application is submitted. In addition, the Fast Track designation may be withdrawn by the FDA if the FDA believes that the designation is no longer supported by data emerging in the clinical trial process.

Second, a product may be designated as a Breakthrough Therapy if it is intended, either alone or in combination with one or more other products, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The FDA may take certain actions with respect to Breakthrough Therapies, including holding meetings with the sponsor throughout the development process; providing timely advice to the product sponsor regarding development and approval; involving more senior staff in the review process; assigning a cross-disciplinary project lead for the review team; and taking other steps to help the sponsor design the clinical trials in an efficient manner.

Third, the FDA may designate a product for priority review if it is a product that treats a serious condition and, if approved, would provide a significant improvement in safety or effectiveness. The FDA determines, on a case- by-case basis, whether the proposed product represents a significant improvement when compared with other available therapies. Significant improvement may be illustrated by evidence of increased effectiveness in the treatment of a condition, elimination or substantial reduction of a treatment-limiting product reaction, documented enhancement of patient compliance that may lead to improvement in serious outcomes, and evidence of safety and effectiveness in a new subpopulation. A priority designation is intended to direct overall attention and resources to the evaluation of such applications, and to shorten the FDA's goal for taking action on a marketing application from ten months to six months.

Finally, with passage of the Cures Act in December 2016, Congress authorized the FDA to accelerate review and approval of products designated as regenerative advanced therapies. A product is eligible for this designation if it is a regenerative medicine therapy that is intended to treat, modify, reverse or cure a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the drug has the potential to address unmet medical needs for such disease or condition. The benefits of a regenerative advanced therapy designation include early interactions with FDA to expedite development and review, benefits available to breakthrough therapies, potential eligibility for priority review and accelerated approval based on surrogate or intermediate endpoints.

Accelerated Approval Pathway

The FDA may grant accelerated approval to a product for a serious or life-threatening condition that provides meaningful therapeutic advantage to patients over existing treatments based upon a determination that the product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit. The FDA may also grant accelerated approval for such a condition when the product has an effect on an intermediate clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality, or IMM, and that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. Products granted accelerated approval must meet the same statutory standards for safety and effectiveness as those granted traditional approval.

For the purposes of accelerated approval, a surrogate endpoint is a marker, such as a laboratory measurement, radiographic image, physical sign, or other measure that is thought to predict clinical benefit, but is not itself a measure of clinical benefit. Surrogate endpoints can often be measured more easily or more rapidly than clinical endpoints. An intermediate clinical endpoint is a measurement of a therapeutic effect that is considered reasonably likely to predict the clinical benefit of a drug, such as an effect on IMM. The FDA has limited experience with accelerated approvals based on intermediate clinical endpoints, but has indicated that such endpoints generally may support accelerated approval where the therapeutic effect measured by the endpoint is not itself a clinical benefit and basis for traditional approval, if there is a basis for concluding that the therapeutic effect is reasonably likely to predict the ultimate clinical benefit of a product.

The accelerated approval pathway is most often used in settings in which the course of a disease is long and an extended period of time is required to measure the intended clinical benefit of a product, even if the effect on the surrogate or intermediate clinical endpoint occurs rapidly. Thus, accelerated approval has been used extensively in the development and approval of products for treatment of a variety of cancers in which the goal of therapy is generally to improve survival or decrease morbidity and the duration of the typical disease course requires lengthy and sometimes large trials to demonstrate a clinical or survival benefit. Thus, the benefit of accelerated approval derives from the potential to receive approval based on surrogate endpoints sooner than possible for trials with clinical or survival endpoints, rather than deriving from any explicit shortening of the FDA approval timeline, as is the case with priority review.

The accelerated approval pathway is usually contingent on a sponsor's agreement to conduct, in a diligent manner, additional post approval confirmatory studies to verify and describe the product's clinical benefit. As a result, a product

candidate approved on this basis is subject to rigorous post marketing compliance requirements, including the completion of phase 4 or post approval clinical trials to confirm the effect on the clinical endpoint. Failure to conduct required post approval studies, or confirm a clinical benefit during post marketing studies, would allow the FDA to initiate expedited proceedings to withdraw the approval of the product. All promotional materials for product candidates approved under accelerated regulations are subject to prior review by the FDA.

Post-Approval Regulation

Drugs and biologics manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to recordkeeping, periodic reporting, product sampling and distribution, advertising and promotion and reporting of adverse experiences with the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims, are subject to prior FDA review and approval. There also are continuing, annual user fee requirements for any marketed products and the establishments at which such products are manufactured, as well as new application fees for supplemental applications with clinical data.

In addition, manufacturers and other entities involved in the manufacture and distribution of approved products are required to register their establishments with the FDA and state agencies, and are subject to periodic unannounced inspections by the FDA and these state agencies for compliance with cGMP requirements. Changes to the manufacturing process are strictly regulated and often require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting and documentation requirements upon the sponsor and any third-party manufacturers that the sponsor may decide to use. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance.

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

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

The FDA strictly regulates the marketing, labeling, advertising and promotion products that are placed on the market. Products may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability. If a company is found to have promoted off-label uses, it may become subject to adverse public relations and administrative and judicial enforcement by the FDA, the Department of Justice, or the Office of the Inspector General of the Department of Health and Human Services, as well as state authorities. This could subject a company to a range of penalties that could have a significant commercial impact, including civil and criminal fines and agreements that materially restrict the manner in which a company promotes or distributes drug products.

Generic Drugs

In 1984, with passage of the Hatch-Waxman Amendments to the FDCA, Congress established an abbreviated regulatory scheme authorizing the FDA to approve generic drugs that are shown to contain the same active ingredients as, and to be bioequivalent to, drugs previously approved by the FDA pursuant to NDAs. To obtain approval of a generic drug, an applicant must submit an abbreviated new drug application, or ANDA, to the agency. An ANDA is a comprehensive submission that contains, among other things, data and information pertaining to the active pharmaceutical ingredient, bioequivalence, drug product formulation, specifications and stability of the generic drug, as well as analytical methods, manufacturing process validation data and quality control procedures. ANDAs are “abbreviated” because they generally do not include preclinical and clinical data to demonstrate safety and effectiveness. Instead, in support of such applications, a generic manufacturer may rely on the preclinical and clinical testing previously conducted for a drug product previously approved under an NDA, known as the reference-listed drug, or RLD.

Under the Hatch-Waxman Act, the FDA may not approve an ANDA until any applicable period of non-patent exclusivity for the RLD has expired. The FDCA provides a period of five years of non-patent data exclusivity for a new drug containing a new chemical entity. For the purposes of this provision, a new chemical entity, or NCE, is a drug that contains no active moiety that has previously been approved by the FDA in any other NDA. An active moiety is the molecule or ion responsible for the physiological or pharmacological action of the drug substance. In cases where such NCE exclusivity has been granted, an ANDA may not be filed with the FDA until the expiration of five years unless the submission is accompanied by a Paragraph IV certification, in which case the applicant may submit its application four years following the original product approval.

The FDCA also provides for a period of three years of exclusivity if the NDA includes reports of one or more new clinical investigations, other than bioavailability or bioequivalence studies, that were conducted by or for the applicant and are essential to the approval of the application.

Biosimilars

The 2010 Patient Protection and Affordable Care Act, or ACA, which was signed into law on March 23, 2010, included a subtitle called the Biologics Price Competition and Innovation Act of 2009 or BPCIA. The BPCIA established a regulatory scheme authorizing the FDA to approve biosimilars and interchangeable biosimilars. As of January 1, 2021, the FDA has approved 29 biosimilar products for use in the United States. No interchangeable biosimilars, however, have been approved. The FDA has issued several guidance documents outlining an approach to review and approval of biosimilars. Additional guidance is expected to be finalized by FDA in the near term.

Under the BPCIA, a manufacturer may submit an application for licensure of a biologic product that is "biosimilar to" or "interchangeable with" a previously approved biological product or "reference product." In order for the FDA to approve a biosimilar product, it must find that there are no clinically meaningful differences between the reference product and proposed biosimilar product in terms of safety, purity, and potency. For the FDA to approve a biosimilar product as interchangeable with a reference product, the agency must find that the biosimilar product can be expected to produce the same clinical results as the reference product, and (for products administered multiple times) that the biologic and the reference biologic may be switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biologic.

Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date of approval of the reference product. The FDA may not approve a biosimilar product until 12 years from the date on which the reference product was approved. Even if a product is considered to be a reference product eligible for exclusivity, another company could market a competing version of that product if the FDA approves a full BLA for such product containing the sponsor's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of their product. The BPCIA also created certain exclusivity periods for biosimilars approved as interchangeable products. At this juncture, it is unclear whether products deemed "interchangeable" by the FDA will, in fact, be readily substituted by pharmacies, which are governed by state pharmacy law.

Orphan Drug Designation and Exclusivity

Under the Orphan Drug Act, the FDA may designate a drug product as an "orphan drug" if it is intended to treat a rare disease or condition generally meaning that it affects fewer than 200,000 individuals in the United States, or more in cases in which there is no reasonable expectation that the cost of developing and making a drug product available in the United States for treatment of the disease or condition will be recovered from sales of the product. A company must request orphan drug designation before submitting an NDA or BLA for the candidate product. If the request is granted, the FDA will disclose the identity of the therapeutic agent and its potential use. Orphan drug designation does not shorten the Prescription Drug User Fee Act, or PDUFA, goal dates for the regulatory review and approval process, although it does convey certain advantages such as tax benefits and exemption from the PDUFA application fee.

If a product with orphan designation receives the first FDA approval for the disease or condition for which it has such designation or for a select indication or use within the rare disease or condition for which it was designated, the product generally will receive orphan drug exclusivity. Orphan drug exclusivity means that the FDA may not approve another sponsor's marketing application for the same drug for the same indication for seven years, except in certain limited circumstances. Orphan exclusivity does not block the approval of a different product for the same rare disease or condition, nor does it block the approval of the same product for different indications. If a drug or biologic designated as an orphan drug ultimately receives marketing approval for an indication broader than what was designated in its orphan drug application, it may not be entitled to exclusivity.

Orphan exclusivity will not bar approval of another product under certain circumstances, including if a subsequent product with the same drug or biologic for the same indication is shown to be clinically superior to the approved product on the

basis of greater efficacy or safety, or providing a major contribution to patient care, or if the company with orphan drug exclusivity is not able to meet market demand.

Pediatric Exclusivity

Pediatric exclusivity is another type of non-patent marketing exclusivity in the United States and, if granted, provides for the attachment of an additional six months of marketing protection to the term of any existing regulatory exclusivity, including the non-patent and orphan exclusivity. This six-month exclusivity may be granted if an NDA or BLA sponsor submits pediatric data that fairly respond to a written request from the FDA for such data. The data do not need to show the product to be effective in the pediatric population studied; rather, if the clinical trial is deemed to fairly respond to the FDA's request, the additional protection is granted. If reports of requested pediatric studies are submitted to and accepted by the FDA within the statutory time limits, whatever statutory or regulatory periods of exclusivity or patent protection cover the product are extended by six months. This is not a patent term extension, but it effectively extends the regulatory period during which the FDA cannot approve another application.

Patent Term Restoration and Extension

A patent claiming a new drug product may be eligible for a limited patent term extension under the Hatch-Waxman Act, which permits a patent restoration of up to five years for patent term lost during product development and the FDA regulatory review. The restoration period granted on a patent covering a product is typically one-half the time between the effective date of an IND and the submission date of an NDA, plus the time between the submission date of an NDA and the ultimate approval date. Patent term restoration cannot be used to extend the remaining term of a patent past a total of 14 years from the product's approval date. Only one patent applicable to an approved product is eligible for the extension, and the application for the extension must be submitted prior to the expiration of the patent in question. A patent that covers multiple products for which approval is sought can only be extended in connection with one of the approvals. The United States Patent and Trademark Office reviews and approves the application for any patent term extension or restoration in consultation with the FDA.

FDA Approval of Companion Diagnostics

If safe and effective use of a therapeutic depends on an *in vitro* diagnostic, then the FDA generally will require approval or clearance of that diagnostic, known as a companion diagnostic, at the same time that the FDA approves the therapeutic product. In August 2014, the FDA issued final guidance clarifying the requirements that will apply to approval of therapeutic products and *in vitro* companion diagnostics. According to the guidance, if the FDA determines that a companion diagnostic device is essential to the safe and effective use of a novel therapeutic product or indication, the FDA generally will not approve the therapeutic product or new therapeutic product indication if the companion diagnostic device is not approved or cleared for that indication. Approval or clearance of the companion diagnostic device will ensure that the device has been adequately evaluated and has adequate performance characteristics in the intended population.

Under the FDCA, *in vitro* diagnostics, including companion diagnostics, are regulated as medical devices. In the United States, the FDCA and its implementing regulations, and other federal and state statutes and regulations govern, among other things, medical device design and development, preclinical and clinical testing, premarket clearance or approval, registration and listing, manufacturing, labeling, storage, advertising and promotion, sales and distribution, export and import, and post-market surveillance. Unless an exemption applies, diagnostic tests require marketing clearance or approval from the FDA prior to commercial distribution.

The FDA previously has required *in vitro* companion diagnostics intended to select the patients who will respond to the product candidate to obtain pre-market approval, or PMA, simultaneously with approval of the therapeutic product candidate. The PMA process, including the gathering of clinical and preclinical data and the submission to and review by the FDA, can take several years or longer. It involves a rigorous premarket review during which the applicant must prepare and provide the FDA with reasonable assurance of the device's safety and effectiveness and information about the device and its components regarding, among other things, device design, manufacturing and labeling. PMA applications are subject to an application fee. For federal fiscal year 2021, the standard fee is $365,657 and the small business fee is $91,414.

Review and Approval of Drug Products in the European Union

In order to market any product outside of the United States, a company must also comply with numerous and varying regulatory requirements of other countries and jurisdictions regarding quality, safety and efficacy and governing, among other things, clinical trials, marketing authorization, commercial sales and distribution of drug products. Whether or not it obtains FDA approval for a product, the company would need to obtain the necessary approvals by the comparable foreign regulatory authorities before it can commence clinical trials or marketing of the product in those countries or jurisdictions. The approval

process ultimately varies between countries and jurisdictions and can involve additional product testing and additional administrative review periods

Clinical Trial Approval in the EU

Pursuant to the currently applicable Clinical Trials Directive 2001/20/EC and the Directive 2005/28/EC on GCP, a system for the approval of clinical trials in the EU has been implemented through national legislation of the member states. Under this system, an applicant must obtain approval from the competent national authority of an EU member state in which the clinical trial is to be conducted, or in multiple member states if the clinical trial is to be conducted in a number of member states. Furthermore, the applicant may only start a clinical trial at a specific study site after the competent ethics committee has issued a favorable opinion. The clinical trial application, or CTA, must be accompanied by an investigational medicinal product dossier with supporting information prescribed by Directive 2001/20/EC and Directive 2005/28/EC and corresponding national laws of the member states and further detailed in applicable guidance documents.

In April 2014, the EU adopted a new Clinical Trials Regulation (EU) No 536/2014, which is set to replace the current Clinical Trials Directive 2001/20/EC. The new Clinical Trials Regulation will become directly applicable to and binding in all 28 EU Member States without the need for any national implementing legislation. It will overhaul the current system of approvals for clinical trials in the EU. Specifically, the new legislation aims at simplifying and streamlining the approval of clinical trials in the EU. Under the new coordinated procedure for the approval of clinical trials, the sponsor of a clinical trial will be required to submit a single application for approval of a clinical trial to a reporting EU Member State (RMS) through an EU Portal. The submission procedure will be the same irrespective of whether the clinical trial is to be conducted in a single EU Member State or in more than one EU Member State.

The Regulation was published on June 16, 2014 but has not yet become effective. As of January 1, 2020, the website of the European Commission reported that the implementation of the Clinical Trials Regulation was dependent on the development of a fully functional clinical trials portal and database, which would be confirmed by an independent audit, and that the new legislation would come into effect six months after the European Commission publishes a notice of this confirmation. The website indicated that the audit was expected to commence in December 2020. In late 2020, the EMA indicated that it plans to focus on the findings of a system audit; improving the usability, quality and stability of the clinical trial information system; and knowledge transfer to prepare users and their organizations for the new clinical trial system. The EMA has indicated that the system will go live in December 2021.

As in the US, parties conducting certain clinical trials must post clinical trial information in the European Union at the EudraCT website: https://eudract.ema.europa.eu.

PRIME Designation in the EU

In March 2016, the EMA launched an initiative to facilitate development of product candidates in indications, often rare, for which few or no therapies currently exist. The PRIority MEdicines, or PRIME, scheme is intended to encourage drug development in areas of unmet medical need and provides accelerated assessment of products representing substantial innovation reviewed under the centralized procedure. Products from small- and medium-sized enterprises, or SMEs, may qualify for earlier entry into the PRIME scheme than larger companies. Many benefits accrue to sponsors of product candidates with PRIME designation, including but not limited to, early and proactive regulatory dialogue with the EMA, frequent discussions on clinical trial designs and other development program elements, and accelerated marketing authorization application assessment once a dossier has been submitted. Importantly, a dedicated Agency contact and rapporteur from the CHMP or Committee for Advanced Therapies, or CAT, are appointed early in PRIME scheme facilitating increased understanding of the product at EMA's Committee level.

Marketing Authorization

In the EU, marketing authorizations for medicinal products may be obtained through several different procedures founded on the same basic regulatory process.

The centralized procedure provides for the grant of a single marketing authorization that is valid for all EU Member States. The centralized procedure is compulsory for medicinal products produced by certain biotechnological processes, products designated as orphan medicinal products, and products with a new active substance indicated for the treatment of certain diseases, including cancer. It is optional for those products that are highly innovative or for which a centralized process is in the interest of patients.

Under the centralized procedure in the EU, the maximum timeframe for the evaluation of a MAA is 210 days, excluding clock stops, when additional written or oral information is to be provided by the applicant in response to questions asked by the

CHMP. Accelerated evaluation may be granted by the CHMP in exceptional cases. These are defined as circumstances in which a medicinal product is expected to be of a "major public health interest." Three cumulative criteria must be fulfilled in such circumstances: the seriousness of the disease, such as severely disabling or life-threatening diseases, to be treated; the absence or insufficiency of an appropriate alternative therapeutic approach; and anticipation of high therapeutic benefit. In these circumstances, the EMA ensures that the opinion of the CHMP is given within 150 days.

The decentralized procedure provides for approval by one or more other concerned EU Member States of an assessment of an application for marketing authorization conducted by one EU Member State, known as the reference EU Member State. In accordance with this procedure, an applicant submits an application for marketing authorization to the reference EU Member State and the concerned EU Member States. This application is identical to the application that would be submitted to the EMA for authorization through the centralized procedure. The reference EU Member State prepares a draft assessment and drafts of the related materials within 120 days after receipt of a valid application. The resulting assessment report is submitted to the concerned EU Member States which, within 90 days of receipt, must decide whether to approve the assessment report and related materials

If a concerned EU Member State cannot approve the assessment report and related materials due to concerns relating to a potential serious risk to public health, disputed elements may be referred to the European Commission, whose decision is binding on all EU Member States.

A marketing authorization may be granted only to an applicant established in the EU. Regulation No. 1901/2006 provides that prior to obtaining a marketing authorization in the EU, an applicant must demonstrate compliance with all measures included in a Pediatric Investigation Plan, or PIP, approved by the Pediatric Committee of the EMA, covering all subsets of the pediatric population, unless the EMA has granted a product-specific waiver, class waiver, or a deferral for one or more of the measures included in the PIP.

Regulatory Data Protection in the European Union

In the EU, new chemical entities approved on the basis of a complete independent data package qualify for eight years of data exclusivity upon marketing authorization and an additional two years of market exclusivity pursuant to Regulation (EC) No 726/2004, as amended, and Directive 2001/83/EC, as amended. Data exclusivity prevents regulatory authorities in the EU from referencing the innovator's data to assess a generic (abbreviated) application for a period of eight years. During the additional two-year period of market exclusivity, a generic marketing authorization application can be submitted, and the innovator's data may be referenced, but no generic medicinal product can be marketed until the expiration of the market exclusivity. The overall ten-year period will be extended to a maximum of eleven years if, during the first eight years of those ten years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to authorization, is held to bring a significant clinical benefit in comparison with existing therapies.

Orphan Drug Designation and Exclusivity in the EU

Regulation (EC) No 141/2000 and Regulation (EC) No. 847/2000 provide that a product can be designated an orphan medicinal product by the European Commission if its sponsor can establish: that the product is intended for the diagnosis, prevention or treatment of (1) a life-threatening or chronically debilitating condition affecting not more than five in ten thousand persons in the EU when the application is made, or (2) a life-threatening, seriously debilitating or serious and chronic condition in the EU and that without incentives the medicinal product is unlikely to be developed. For either of these conditions, the applicant must demonstrate that there exists no satisfactory method of diagnosis, prevention or treatment of the condition in question that has been authorized in the EU or, if such method exists, the medicinal product will be of significant benefit to those affected by that condition.

Once authorized, orphan medicinal products are entitled to ten years of market exclusivity in all EU Member States and in addition a range of other benefits during the development and regulatory review process including scientific assistance for trial protocols, authorization through the centralized marketing authorization procedure covering all member countries and a reduction or elimination of registration and marketing authorization fees. However, marketing authorization may be granted to a similar medicinal product with the same orphan indication during the ten-year period with the consent of the marketing authorization holder for the original orphan medicinal product or if the manufacturer of the original orphan medicinal product is unable to supply sufficient quantities. Marketing authorization may also be granted to a similar medicinal product with the same orphan indication if the product is safer, more effective or otherwise clinically superior to the original orphan medicinal product. The period of market exclusivity may, in addition, be reduced to six years if it can be demonstrated on the basis of available evidence that the original orphan medicinal product is sufficiently profitable not to justify maintenance of market exclusivity.

Orphan drug exclusivity will not bar approval of another product under certain circumstances, including if a subsequent product with the same drug or biologic for the same indication is shown to be clinically superior to the approved product on the basis of greater efficacy or safety, or providing a major contribution to patient care, or if the company with orphan drug exclusivity is not able to meet market demand. This is the case despite an earlier court opinion holding that the Orphan Drug Act unambiguously required the FDA to recognize orphan exclusivity regardless of a showing of clinical superiority.

Regulatory Requirements After Marketing Authorization

Following marketing authorization of a medicinal product in the EU, the holder of the authorization is required to comply with a range of requirements applicable to the manufacturing, marketing, promotion and sale of medicinal products. These include compliance with the EU's stringent pharmacovigilance or safety reporting, as well as rules potentially requiring post-authorization studies and additional monitoring obligations. In addition, the manufacturing of authorized medicinal products, for which a separate manufacturer's license is mandatory, must also be conducted in strict compliance with the applicable EU laws, regulations and guidance, including Directive 2001/83/EC, Directive 2003/94/EC, Regulation (EC) No 726/2004 and the European Commission Guidelines for Good Manufacturing Practice. These requirements include compliance with EU cGMP standards when manufacturing medicinal products and active pharmaceutical ingredients, including the manufacture of active pharmaceutical ingredients outside of the EU with the intention to import the active pharmaceutical ingredients into the EU. Finally, the marketing and promotion of authorized drugs, including industry-sponsored continuing medical education and advertising directed toward the prescribers of drugs and/or the general public, are strictly regulated in the EU notably under Directive 2001/83EC, as amended, and EU Member State laws. Direct-to-consumer advertising of prescription medicines is prohibited across the EU.

Brexit and the Regulatory Framework in the United Kingdom

On June 23, 2016, the electorate in the United Kingdom voted in favor of leaving the EU commonly referred to as Brexit. Following protracted negotiations, the United Kingdom left the EU on January 31, 2020. Under the withdrawal agreement, there is a transitional period until December 31, 2020 (extendable by up to two years). On December 24, 2020, the United Kingdom and the EU entered into a Trade and Cooperation Agreement. The agreement sets out certain procedures for approval and recognition of medical products in each jurisdiction. Since the regulatory framework for pharmaceutical products in the United Kingdom covering quality, safety and efficacy of pharmaceutical products, clinical trials, marketing authorization, commercial sales and distribution of pharmaceutical products is derived from EU directives and regulations, Brexit could materially impact the future regulatory regime that applies to products and the approval of product candidates in the United Kingdom.

Furthermore, while the Data Protection Act of 2018 in the United Kingdom that "implements" and complements the European Union's General Data Protection Regulation, or GDPR, has achieved Royal Assent on May 23, 2018 and is now effective in the United Kingdom, it is still unclear whether transfer of data from the European Economic Area, or EEA, to the United Kingdom will remain lawful under GDPR. The Trade and Cooperation Agreement provides for a transitional period during which the United Kingdom will be treated like an European Union member state in relation to processing and transfers of personal data for four months from January 1, 2021. This may be extended by two further months. After such period, the United Kingdom will be a "third country" under the GDPR unless the European Commission adopts an adequacy decision in respect of transfers of personal data to the United Kingdom. The United Kingdom has already determined that it considers all of the EU 27 and EEA member states to be adequate for the purposes of data protection, ensuring that data flows from the United Kingdom to the EU/EEA remain unaffected.

General Data Protection Regulation

The collection, use, disclosure, transfer, or other processing of personal data regarding individuals in the EU, including personal health data, is subject to the EU General Data Protection Regulation, or GDPR, which became effective on May 25, 2018. The GDPR is wide-ranging in scope and imposes numerous requirements on companies that process personal data, including requirements relating to processing health and other sensitive data, obtaining consent of the individuals to whom the personal data relates, providing information to individuals regarding data processing activities, implementing safeguards to protect the security and confidentiality of personal data, providing notification of data breaches, and taking certain measures when engaging third-party processors. The GDPR also imposes strict rules on the transfer of personal data to countries outside the EU, including the U.S., and permits data protection authorities to impose large penalties for violations of the GDPR, including potential fines of up to €20 million or 4% of annual global revenues, whichever is greater. The GDPR also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR. Compliance with the GDPR will be a rigorous and time-intensive process that may increase the cost of doing business or require companies to change their business practices to ensure full compliance.

Pharmaceutical Coverage, Pricing and Reimbursement

In the United States and markets in other countries, patients who are prescribed treatments for their conditions and providers performing the prescribed services generally rely on third-party payors to reimburse all or part of the associated healthcare costs. Significant uncertainty exists as to the coverage and reimbursement status of products approved by the FDA and other government authorities. Thus, even if a product candidate is approved, sales of the product will depend, in part, on the extent to which third-party payors, including government health programs in the United States such as Medicare and Medicaid, commercial health insurers and managed care organizations, provide coverage, and establish adequate reimbursement levels for, the product. The process for determining whether a payor will provide coverage for a product may be separate from the process for setting the price or reimbursement rate that the payor will pay for the product once coverage is approved. Third-party payors are increasingly challenging the prices charged, examining the medical necessity, and reviewing the cost-effectiveness of medical products and services and imposing controls to manage costs. Third-party payors may limit coverage to specific products on an approved list, also known as a formulary, which might not include all of the approved products for a particular indication.

In order to secure coverage and reimbursement for any product that might be approved for sale, a company may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of the product, in addition to the costs required to obtain FDA or other comparable marketing approvals. Nonetheless, product candidates may not be considered medically necessary or cost effective. A decision by a third-party payor not to cover a product candidate could reduce physician utilization once the product is approved and have a material adverse effect on sales, results of operations and financial condition. Additionally, a payor's decision to provide coverage for a product does not imply that an adequate reimbursement rate will be approved. Further, one payor's determination to provide coverage for a drug product does not assure that other payors will also provide coverage and reimbursement for the product, and the level of coverage and reimbursement can differ significantly from payor to payor.

In the EU, pricing and reimbursement schemes vary widely from country to country. Some countries provide that products may be marketed only after a reimbursement price has been agreed. Some countries may require the completion of additional studies that compare the cost-effectiveness of a particular drug candidate to currently available therapies or so-called health technology assessments, in order to obtain reimbursement or pricing approval. For example, the EU provides options for its member states to restrict the range of products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. EU Member States may approve a specific price for a product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the product on the market. Other member states allow companies to fix their own prices for products, but monitor and control prescription volumes and issue guidance to physicians to limit prescriptions.

Recently, many countries in the EU have increased the amount of discounts required on pharmaceuticals and these efforts could continue as countries attempt to manage healthcare expenditures, especially in light of the severe fiscal and debt crises experienced by many countries in the EU. The downward pressure on health care costs in general, particularly prescription drugs, has become intense. As a result, increasingly high barriers are being erected to the entry of new products. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various EU Member States, and parallel trade, i.e., arbitrage between low-priced and high-priced member states, can further reduce prices. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any products, if approved in those countries.

Healthcare Law and Regulation

Health care providers and third-party payors play a primary role in the recommendation and prescription of drug products that are granted marketing approval. Arrangements with providers, consultants, third-party payors and customers are subject to broadly applicable fraud and abuse, anti-kickback, false claims laws, patient privacy laws and regulations and other health care laws and regulations that may constrain our business and/or financial arrangements. Restrictions under applicable federal and state health care laws and regulations, include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons and entities from knowingly and willfully soliciting, offering, paying, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made, in whole or in part, under a federal health care program such as Medicare and Medicaid;
- the federal civil and criminal false claims laws, including the civil False Claims Act, and civil monetary penalties laws, which prohibit individuals or entities from, among other things, knowingly presenting, or causing to be

presented, to the federal government, claims for payment that are false, fictitious or fraudulent or knowingly making, using or causing to made or used a false record or statement to avoid, decrease or conceal an obligation to pay money to the federal government;

- the Foreign Corrupt Practices Act, or FCPA, which prohibits companies and their intermediaries from making, or offering or promising to make improper payments to non-U.S. officials for the purpose of obtaining or retaining business or otherwise seeking favorable treatment; and
- the federal transparency requirements known as the federal Physician Payments Sunshine Act which requires certain manufacturers of drugs, devices, biologics and medical supplies to report annually to the Centers for Medicare & Medicaid Services, or CMS, within the United States Department of Health and Human Services, information related to payments and other transfers of value made by that entity to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members.

Further, some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring manufacturers to report information related to payments to physicians and other health care providers or marketing expenditures. Additionally, some state and local laws require the registration of pharmaceutical sales representatives in the jurisdiction. State and foreign laws also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Pharmaceutical Insurance Coverage and Healthcare Reform

In the United States and markets in other countries, patients who are prescribed treatments for their conditions and providers performing the prescribed services generally rely on third-party payors to reimburse all or part of the associated health care costs. Significant uncertainty exists as to the coverage and reimbursement status of products approved by the FDA and other government authorities. Thus, even if a product candidate is approved, sales of the product will depend, in part, on the extent to which third-party payors, including government health programs in the United States such as Medicare and Medicaid, commercial health insurers and managed care organizations, provide coverage and establish adequate reimbursement levels for, the product. The process for determining whether a payor will provide coverage for a product may be separate from the process for setting the price or reimbursement rate that the payor will pay for the product once coverage is approved. Third-party payors are increasingly challenging the prices charged, examining the medical necessity and reviewing the cost-effectiveness of medical products and services and imposing controls to manage costs. Third-party payors may limit coverage to specific products on an approved list, also known as a formulary, which might not include all of the approved products for a particular indication.

In order to secure coverage and reimbursement for any product that might be approved for sale, a company may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of the product, in addition to the costs required to obtain FDA or other comparable marketing approvals. Nonetheless, product candidates may not be considered medically necessary or cost effective. A decision by a third-party payor not to cover a product could reduce physician utilization once the product is approved and have a material adverse effect on sales, results of operations and financial condition. Additionally, a payor's decision to provide coverage for a product does not imply that an adequate reimbursement rate will be approved. Further, one payor's determination to provide coverage for a product does not assure that other payors will also provide coverage and reimbursement for the product, and the level of coverage and reimbursement can differ significantly from payor to payor.

The containment of health care costs also has become a priority of federal, state and foreign governments and the prices of products have been a focus in this effort. Governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit a company's revenue generated from the sale of any approved products. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which a company or its collaborators receive marketing approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

There have been a number of federal and state proposals during the last few years regarding the pricing of pharmaceutical and biopharmaceutical products, limiting coverage and reimbursement for drugs and biologics and other medical products, government control and other changes to the health care system in the United States. In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, or collectively the ACA. In addition, other legislative changes have been proposed and adopted since the ACA was enacted. In August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. These changes included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, which went into effect in April 2013 and will remain in effect through 2030 under the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act. The American Taxpayer Relief Act of 2012, among other things, reduced Medicare payments to several providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These laws may result in additional reductions in Medicare and other healthcare funding and otherwise affect the prices we may obtain for any of our product candidates for which we may obtain regulatory approval or the frequency with which any such product candidate is prescribed or used

Since enactment of the ACA, there have been, and continue to be, numerous legal challenges and Congressional actions to repeal and replace provisions of the law. For example, with enactment of the Tax Cuts and Jobs Act of 2017, which was signed by President Trump on December 22, 2017, Congress repealed the "individual mandate." The repeal of this provision, which requires most Americans to carry a minimal level of health insurance, became effective in 2019. Further, on December 14, 2018, a U.S. District Court judge in the Northern District of Texas ruled that the individual mandate portion of the ACA is an essential and inseverable feature of the ACA, and therefore because the mandate was repealed as part of the Tax Cuts and Jobs Act, the remaining provisions of the ACA are invalid as well. On December 18, 2019, the Court of Appeals for the Fifth Circuit court affirmed the lower court's ruling that the individual mandate portion of the ACA is unconstitutional and it remanded the case to the district court for reconsideration of the severability question and additional analysis of the provisions of the ACA. Thereafter, the U.S. Supreme Court agreed to hear this case. Oral argument in the case took place on November 10, 2020, and a ruling by the Court is expected sometime this year. Litigation and legislation over the ACA are likely to continue, with unpredictable and uncertain results.

The Trump Administration also took executive actions to undermine or delay implementation of the ACA, including directing federal agencies with authorities and responsibilities under the ACA to waive, defer, grant exemptions from, or delay the implementation of any provision of the ACA that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. On January 28, 2021, however, President Biden issued a new Executive Order which directs federal agencies to reconsider rules and other policies that limit Americans' access to health care, and consider actions that will protect and strengthen that access. Under this Order, federal agencies are directed to re-examine: policies that undermine protections for people with pre-existing conditions, including complications related to COVID-19; demonstrations and waivers under Medicaid and the ACA that may reduce coverage or undermine the programs, including work requirements; policies that undermine the Health Insurance Marketplace or other markets for health insurance; policies that make it more difficult to enroll in Medicaid and the ACA; and policies that reduce affordability of coverage or financial assistance, including for dependents.

The costs of prescription pharmaceuticals have also been the subject of considerable discussion in the United States. To date, there have been several recent U.S. congressional inquiries and proposed federal and proposed and enacted state and federal legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, reduce the costs of drugs under Medicare and reform government program reimbursement methodologies for drug products. To those ends, President Trump issued five executive orders intended to lower the costs of prescription drug products but it is unclear whether, and to what extent, these orders will remain in force under the Biden Administration. Further, on September 24, 2020, the Trump Administration finalized a rulemaking allowing states or certain other non-federal government entities to submit importation program proposals to the FDA for review and approval. Applicants are required to demonstrate that their importation plans pose no additional risk to public health and safety and will result in significant cost savings for consumers. The FDA has issued draft guidance that would allow manufacturers to import their own FDA-approved drugs that are authorized for sale in other countries (multi-market approved products).

At the state level, legislatures are increasingly passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In addition, regional health care authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other health care programs. These measures could reduce the ultimate demand for our products, once approved, or put pressure on our product pricing. We expect that additional state and federal healthcare reform measures will

be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our product candidates or additional pricing pressures.

Competition

Our drug candidates, if approved, will compete with existing and new products being developed by others for treatment of the same indications. Competition in the development of human therapeutics and, in particular, human therapeutics that target signaling pathways to treat cancers, is intense and rapidly evolving. Our competitors include large pharmaceutical and biopharmaceutical companies, as well as specialized biotechnology firms, that are developing cancer therapies in the same indications as we are. Many competitors have substantially greater research, development, manufacturing, marketing, and financial capabilities, than we do. Successful development and commercialization of products depends on the ability to differentiate the benefits of our products (e.g. efficacy, safety, dosing, route of administration, convenience, and cost-effectiveness) over competing drug or biologic therapies.

There are several companies developing drug candidates that target the same molecular targets and signaling pathways, and in some cases the same cancer indications, that are being pursued by us and our collaborators. We believe our primary competitors by molecular target are as follows:

Licensed Programs Under Aurigene Collaboration. We are aware of multiple other companies that are developing IRAK4 inhibitors for oncology indications, including: TG Therapeutics, Inc./Ligand Pharmaceuticals, Incorporated, Rigel Pharmaceuticals, Inc., Nyrada/Noxopharm Ltd., Kymera Therapeutics Inc., Kurome Therapeutics, and Bayer AG. VISTA (V-domain Ig Suppressor of T-cell Activation) is a novel immuno-oncology target. We are aware that Pierre Fabre (W0180) has an active clinical-stage program and multiple other companies have preclinical development programs, including: Kineta (KVA), Suzhou Stainwei Biotech (mab-5), Apexigen (APX-201), Hummingbird Biosciences (HMBD-002), Beijing Mabworks Biotech (MIL-99), and PharmAbcine (PMC-309). In addition, there are multiple approved drugs that target PD1/ PDL1 interactions, including Bristol-Myers Squibb Company's Opdivo™, Merck & Co., Inc.'s Keytruda™, Roche's Tecentriq™, Merck & Co., Inc. and Pfizer Inc.'s Bavencio™, AstraZeneca plc's Imfinzi™, Regeneron Pharmaceuticals, Inc./Sanofi S.A.'s Libtayo™, and a number of drug candidates in various stages of development by Novartis AG, TESARO Inc., and others. We are also aware of multiple other companies developing drugs to target TIM3, including Novartis AG, Incyte Corporation, TESARO, Inc., Bristol-Myers Squibb Company, Eli Lilly and Company, and others.

Licensed Programs Under ImmuNext Collaboration. VISTA (V-domain Ig Suppressor of T-cell Activation) is a novel immuno-oncology target. We are aware that Pierre Fabre (W0180) has an active clinical-stage program and multiple other companies have preclinical development programs, including: Kineta (KVA), Suzhou Stainwei Biotech (mab-5), Apexigen (APX-201), Hummingbird Biosciences (HMBD-002), Beijing Mabworks Biotech (MIL-99), and PharmAbcine (PMC-309).

Fimepinostat: We are not aware of other molecules in clinical testing that are designed as one chemical entity to target both HDAC and PI3K. However, there are commercially available drugs that individually target HDAC or PI3K. For example, commercially available HDAC inhibitors include Faridak™ (panobinostat) which is produced by Novartis International AG, Zolinza™ (vorinostat), which is produced by Merck & Co., Istodax™ (romidepsin), which is produced by Bristol-Myers Squibb, Beleodaq™ (belinostat) which is produced by Agrotech Biopharma and Depakine™ (valproate sodium), which is produced by Sanofi. In addition, there are several companies testing novel HDAC 1/2 inhibitors in clinical trials, including among others, Italfarmaco S.p.A. (givinostat), Celleron Therapeutics (CXD101), Xynomic Pharmaceuticals, (abexinostat), 4SC (dominostat and resminostat), Bayer (entinostat), HitGen (HG-146), CrystalGenomics (ivaltinostat), Viracta Therapeutics (nanatinostat), Onolys Biopharma (OBP-801), Onkure (OKI-179), Midatech (panobinostat), Blanver Farmacoquimica (pacrinostat), Recursion Pharmaceuticals (REC-2282, and Mundipharma EDO International (tinomustine). There are multiple companies testing various PI3K inhibitors, both isoform specific and pan-PI3K inhibitors, which are in various stages of clinical development. There are currently four approved isoform specific PI3K inhibitors on the market and one with a PDUFA date in the first quarter of 2021, Zydelig™ (idelalisib), which is marketed by Gilead Sciences, Aliqopa® (copanlisib), which is marketed by Bayer AG, Copiktra™ (duvelisib), which is marketed by Verastem, Oncology, and PIQRAY® (alpelisib), which is marketed by Novartis and umbralisib from TG Therapeutics, which was recently approved by the FDA in February 2021. Other companies developing PI3K inhibitors in clinical trials include Ability Pharmaceuticals (ABTL-0812), Guangzhou BeBetter Medicine (BEBT-908), Piqur (bimiralisib), Boryung (BR-2002), Adlai Nortye (buparlisib), Novartis (datolisib), Beijing Foreland Pharma (FP-208), HEC Pharm (HEC-68498), Shanghai HaiHe Pharmaceutical (HH-CYH33), Jiangsu Hansoh Pharmaceutical (HS-10352), Roche (inavolisib), Menarini (MEN-1611), ArQule (miransertib), Can-Fite (namodenoson), Kazia Therapeutics (paxalisib), Intellikine (serabelisib), Semafore Pharmaceuticals (SF-1126), and Ohara Pharmaceutical (ZSTK-474).

Erivedge. In 2015, Sun Pharmaceuticals Industries Ltd's sonidegib (Odomzo®), a Hedgehog signaling pathway inhibitor indicated for the treatment of adult patients with locally advanced BCC that has recurred following surgery or radiation, or

those who are not candidates for surgery or radiation, received regulatory approvals in the United States and European Union. Other commercially available Hedgehog pathway inhibitors include Pfizer Inc.'s glasdegib (Daurismo™). We are aware of several other biotechnology and pharmaceutical companies that have drug development programs relating to compounds that modulate the Hedgehog signaling pathway, including: Exelixis, Inc./Bristol-Myers Squibb Company (BMS-833923 / XL139), PellePharm Inc. (patidegib), and Senhwa Biosciences Inc. (silmitasertib / CX-4945). Furthermore, glasdegib (Daurismo™) is marketed by Pfizer Inc. for the treatment of newly diagnosed adult AML patients for whom intensive chemotherapy is not an option, and, sonidegib (Odomzo™) is marketed by Sun Pharmaceutical, for the treatment of adults with locally advanced BCC.

Many competing companies have financial, marketing and human resource capacities that are substantially greater than our own, which may provide these competitors with significant advantages over us. Others have extensive experience in undertaking clinical trials, in obtaining regulatory approval to market products, in manufacturing products on a large scale and in effectively promoting products to healthcare providers, health plans and consumers which may enhance their competitive position relative to ours. In addition to competing with pharmaceutical and biotechnology companies, the products that we are developing would also compete with those being developed by academic and research institutions, government agencies and other public organizations. Any of these organizations may discover new therapies, seek patent protection or establish collaborative arrangements for products and technologies that compete with our products and technologies.

The technologies underlying the development of human therapeutic products are expected to continue to undergo rapid and significant advancement and unpredictable changes. Accordingly, our technological and commercial success will be based, among other things, on our ability to develop proprietary positions in key scientific areas and efficiently evaluate potential product opportunities.

The timing of a product’s introduction may be a major factor in determining eventual commercial success and profitability. Early entry may have important advantages in gaining product acceptance and market share. Accordingly, we believe the relative speed with which we or any current or future collaborator(s) can complete preclinical and clinical testing, obtain regulatory approvals, and supply commercial quantities of a product will have an important impact on our competitive position, both in the U.S. and abroad. Other companies may succeed in developing similar products that are introduced earlier, are more effective, or are produced and marketed more effectively, or at a minimum obtain a portion of the market share. For example, our competitors may discover, characterize and develop important targeted cancer molecules before we do, which could have a material adverse effect on any of our related research programs. If research and development by others renders any of our products obsolete or noncompetitive, then our potential for success and profitability may be adversely affected.

For some of our programs, we rely on, or intend to rely on, strategic collaborators for support in our research programs and for preclinical evaluation and clinical development of our potential products and manufacturing and marketing of any products. Our strategic collaborators may conduct multiple product development efforts within each disease area that is the subject of our strategic collaboration with them. Our strategic collaboration agreements may not restrict the strategic collaborator from pursuing competing internal development efforts. Any of our drug candidates, therefore, may be subject to competition with a drug candidate under development by a strategic collaborator.

Manufacturing and Supply

We do not have our own manufacturing capabilities. We currently rely on collaborators or subcontractors, and we have no plans to develop our own manufacturing capability. Instead, we plan to continue to rely on corporate collaborators or subcontractors to manufacture products. If any of our current or planned collaborators or subcontractors encounters regulatory compliance problems or enforcement actions for their own or a collaborative product, it could have a material adverse effect on our business prospects.

We employ a material sourcing strategy that complies with regulatory requirements for building increasing amounts of quality into the product, beginning with raw materials and following through to packaged drug product for clinical use. Starting materials for the drug substance are typically sourced from qualified suppliers, and their production is conducted under our supervision. Where appropriate, redundant suppliers are added to ensure availability of key materials.

Drug substance and product production, and subsequent packaging, labeling and distribution for all of our development candidates are conducted in the various locations under GMP controls.

Sales and Marketing

We have no sales, marketing or distribution experience or infrastructure. We must build infrastructure related to product sales, marketing and distribution or make arrangements with third parties to perform these services.

Human Capital Resources

As of December 31, 2020, we had 28 employees in total, all of which were full-time employees, of whom six hold a Ph.D. or other advanced scientific or medical degree. Of our employees, 17 are currently involved in research and development. None of our employees is a party to a collective bargaining agreement, and we consider our relations with our employees to be good. During the COVID-19 pandemic, we implemented a remote working environment and measures to support the safety of our employees, contractors and consultants.

We believe that our future success largely depends upon our continued ability to attract and retain highly skilled employees. We offer our employees a comprehensive compensation package. Our well-designed compensation package includes salaries, annual bonuses, equity compensation, retirement savings, life insurance, and premium health and workers' compensation insurance. Our equity compensation plans, pursuant to which we may grant stock options, restricted stock and equity-based awards, are designed to align employees' interests with our stockholders' interests and motivate effective performance which drives company success. We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer.

Segment Reporting

We are engaged solely in the discovery and development of innovative drug candidates for the treatment of human cancers. Accordingly, we have determined that we operate in one operating segment.

Information about our Executive Officers

Our executive officers as of March 16, 2021 are as follows:

Name	Age	Position
James Dentzer	54	President and Chief Executive Officer
Robert Martell, M.D., Ph.D.	58	Head of Research and Development
William Steinkrauss	35	Chief Financial Officer

James Dentzer	Mr. Dentzer has served on our board of directors and as our President, Chief Executive Officer, Secretary and Treasurer since September 2018. From March 2018 to September 2018, Mr. Dentzer served as our Chief Operating Officer, Chief Financial Officer, Secretary, and Treasurer. Mr. Dentzer joined the Company in March 2016 as Chief Administrative Officer, Chief Financial Officer, Secretary, and Treasurer. From December 2013 to December 2015, Mr. Dentzer served as Chief Financial Officer of Dicerna Pharmaceuticals, Inc., an RNA interference based biopharmaceutical company. From March 2010 to December 2013, Mr. Dentzer was the Chief Financial Officer of Valeritas, Inc., a commercial-stage medical technology company. From October 2006 to October 2009, Mr. Dentzer was the Chief Financial Officer of Amicus Therapeutics, Inc., a biotechnology company. In prior positions, Mr. Dentzer spent six years as corporate controller of Biogen and six years in various senior financial roles at E.I. du Pont de Nemours and Company in the U.S. and Asia. Mr. Dentzer holds a B.A. in philosophy from Boston College and an M.B.A. from the University of Chicago.
Robert Martell, M.D., Ph.D.	Dr. Martell, M.D., Ph.D. served on our Board of Directors from 2011 to 2018, and as Head of Research and Development from 2018 to present. He is also co-founder of Epi-Cure Pharmaceuticals, a privately held early-stage biotechnology company, and served as its president and member of board of directors from 2016 to 2018. Dr. Martell served as Chief Medical Officer of Tesaro, Inc., a biopharmaceutical company developing Zejula and Varubi from 2012 to 2015; as Chief Medical Officer at MethylGene, a publicly traded biopharmaceutical company focused on cancer therapeutics from 2005 to 2009; as Director of Oncology Global Clinical Research at Bristol-Myers Squibb, a biopharmaceutical company developing Sprycel, Erbitux and Ixempra from 2002 to 2005; and as Associate/ Deputy Director at Bayer Corporation Pharmaceutical Division developing Nexavar from 2000 to 2002. In addition, Dr. Martell has held a number of academic positions, including at Tufts Medical Center since 2009, where he has served in various roles including Associate Chief in the Division of Hematology/Oncology, Director of the Neely Center for Clinical Cancer Research, Leader of the Cancer Center's Program in Experimental Therapeutics and Attending Physician; at Yale University School of Medicine as Assistant Clinical Professor of Oncology from 2001 to 2005; and as Assistant Professor at Duke Medical Center from 1998 to 2000. Dr. Martell received a B.A. in chemistry from Kalamazoo College, a Ph.D. in Pharmacology from University of Michigan and an M.D. from Wayne State University. He completed his Internal Medicine internship and residency at Duke University Medical Center, and his Fellowship in Medical Oncology also at Duke.
William Steinkrauss	Mr. Steinkrauss has served as our Chief Financial Officer since September 2019. Prior to that, Mr. Steinkrauss served as vice president, treasurer and assistant secretary from January 2019 to September 2019, and prior to that served as our corporate controller, senior director of finance and assistant treasurer from August 2016 until January 2019. Mr. Steinkrauss previously served as director of technical accounting and reporting of Ovascience, Inc., a biotechnology company focused on infertility, from June 2015 to August 2016. Prior to that, he was senior manager of technical accounting at Cubist Pharmaceuticals, Inc., a biopharmaceutical company, from November 2012 to May 2015. Prior to joining Cubist Pharmaceuticals, Inc., Mr. Steinkrauss worked within the transaction services and assurance practices at PricewaterhouseCoopers, LLP. Mr. Steinkrauss holds a B.S. in accounting and finance and a M.S. in accounting from Boston College. Mr. Steinkrauss is a certified public accountant.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below in addition to the other information set forth in this Annual Report on Form 10-K, including the Management's Discussion and Analysis of Financial Condition and Results of Operations section and the consolidated financial statements and related notes. These risks, some of which have occurred and any of which may occur in the future, can have a material adverse effect on our business, financial condition, results of operations or the price of our publicly traded securities. The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, may occur or become material in the future and adversely affect our business, reputation, financial condition, results of operations or the price of our publicly traded securities. Therefore, historical operating results, financial and business performance, events and trends are often not a reliable indicator of future operating results, financial and business performance, events or trends. If any of the following risks occurs, our business, financial condition, and results of operations and future growth prospects could be materially and adversely affected.

RISKS RELATING TO OUR FINANCIAL RESULTS AND NEED FOR FINANCING

We have incurred substantial losses, expect to continue to incur substantial losses for the foreseeable future and may never generate significant revenue or achieve profitability.

We have incurred significant annual net operating losses in every year since our inception. We expect to continue to incur significant and increasing net operating losses for at least the next several years. Our net losses were $29.9 million and $32.1 million for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020, we had an accumulated deficit of $1.0 billion. We have not completed the development of any drug candidate on our own. Other than Erivedge®, which is being commercialized and further developed by Genentech and Roche under our June 2003 collaboration with Genentech, we may never have a drug candidate approved for commercialization. We have financed our operations to date primarily through public offerings and private placements of our common stock, other debt financings, and amounts received through various licensing and collaboration agreements. We have devoted substantially all of our financial resources and efforts to research and development and general and administrative expense to support such research and development. Our net losses may fluctuate significantly from quarter to quarter and year to year. Net losses and negative cash flows have had, and will continue to have, an adverse effect on our stockholders' deficit and working capital.

We anticipate that our expenses will increase substantially if and as we:

- continue to develop and conduct clinical trials with respect to drug candidates;
- seek to identify and develop additional drug candidates;
- acquire or in-license other drug candidates or technologies;
- seek regulatory and marketing approvals for our drug candidates that successfully complete clinical trials, if any;
- establish sales, marketing, distribution and other commercial infrastructure in the future to commercialize various drugs for which we may obtain marketing approval, if any;
- require the manufacture of larger quantities of drug candidates for clinical development and, potentially, commercialization;
- maintain, expand, and protect our intellectual property portfolio;
- hire and retain additional personnel, such as clinical, quality control and scientific personnel; and
- add equipment and physical infrastructure as may be required to support our research and development programs.

Our ability to become and remain profitable depends on our ability to generate significant revenue. Our only current source of revenues comprises licensing and royalty revenues that we earn under our collaboration with Genentech related to the development and commercialization of Erivedge. Sales of Erivedge may be adversely impacted by decreases in new prescriptions as a result of a decline in patient medical visits due to the COVID-19 pandemic. In addition, a portion of our royalty and royalty related revenues under our collaboration with Genentech will be paid to TPC Investments I LP and TPC Investments II LP, or the Purchasers, pursuant to the royalty interest purchase agreement we and Curis Royalty entered into with the Purchasers and Lind SA LLC, or Agent, on March 22, 2019, or the Oberland Purchase Agreement.

We do not expect to generate significant revenues other than those related to Erivedge unless and until we are, or any collaborator is, able to obtain marketing approval for, and successfully commercialize, one or more of our drug candidates other than Erivedge. Successful commercialization will require achievement of key milestones, including initiating and successfully completing clinical trials of our drug candidates, obtaining marketing approval for these drug candidates, manufacturing, marketing, and selling those drugs for which we, or any of our collaborators, may obtain marketing approval, satisfying any post marketing requirements and obtaining reimbursement for our drugs from private insurance or government payors. Because

of the uncertainties and risks associated with these activities, we are unable to accurately predict the timing and amount of revenues and whether or when we might achieve profitability. We and any collaborators may never succeed in these activities and, even if we do, or any collaborators do, we may never generate revenues that are large enough for us to achieve profitability. Even if we do achieve profitability, we may not be able to sustain or increase profitability. Our failure to become and remain profitable would decrease the value of our company and could impair our ability to raise capital, expand our business, maintain our research and development efforts, diversify our pipeline of drug candidates, or continue our operations and cause a decline in the value of our common stock.

We will require substantial additional capital, which may be difficult to obtain, and if we are unable to raise capital when needed, we could be forced to delay, reduce or eliminate our drug development programs or commercialization efforts.

We will require substantial funds to continue our research and development programs and to fulfill our planned operating goals. Our planned operating and capital requirements currently include the support of our current and future research and development activities for CA-4948 and CI-8993 as well as development candidates we have and may continue to license under our collaborations with Aurigene and ImmuNext. We will require substantial additional capital to fund the further development of these programs, as well as to fund our general and administrative costs and expenses. Moreover, our agreements with collaborators impose significant potential financial obligations on us. For example, under our collaboration, license and option agreement with Aurigene, we are required to make milestone and royalty fee payments for preclinical development programs that will be performed by Aurigene, which impose significant potential financial obligations on us. In addition, if we choose to exercise our option under the option and license agreement with ImmuNext, or the ImmuNext Agreement, we will be required to make milestone, royalty, and option fee payments in connection with the development of CI-8993.

Based upon our current operating plan, we believe that our existing cash, cash equivalents and investments of $183.1 million as of December 31, 2020, should enable us to fund our operating expenses and capital expenditure requirements into 2024. We have based this assessment on assumptions that may prove to be wrong, and it is possible that we will not achieve the progress that we expect with these funds because the actual costs and timing of clinical development, regulatory and commercial activities are difficult to predict and are subject to substantial risks and delays, and that we will use our capital resources sooner than we currently expect. This estimate does not reflect any additional expenditures that may result from any further strategic transactions to expand and diversify our product pipeline, including acquisitions of assets, businesses, rights to products, product candidates or technologies or strategic alliances or collaborations that we may pursue.

Our ability to raise additional funds in the future will depend on financial, economic and market conditions, many of which are outside of our control, and we may be unable to raise financing when needed, or on terms favorable to us, or at all. Furthermore, high volatility in the capital markets resulting from the COVID-19 pandemic has had, and could continue to have, a negative impact on the price of our common stock, and could adversely impact our ability to raise additional funds. If we are unable to obtain sufficient funding, we may be forced to delay, reduce in scope or eliminate some of our research and development programs, including related clinical trials and operating expenses, potentially delaying the time to market for, or preventing the marketing of, any of our product candidates. In addition, we may seek to engage in one or more strategic alternatives, such as a strategic partnership with one or more parties, the licensing, sale or divestiture of some of our assets or proprietary technologies or the sale of our company, but there can be no assurance that we would be able to enter into such a transaction or transactions on a timely basis or on terms favorable to us, or at all.

Our failure to raise capital through a financing or strategic alternative as and when needed could adversely affect our business prospects and our ability to continue operations, and would have a negative impact on our financial condition and our ability to pursue our business strategy. If we are unable to raise sufficient capital we would be unable to fund our operations and may be required to evaluate alternatives, which could include dissolving and liquidating our assets or seeking protection under the bankruptcy laws, and a determination to file for bankruptcy could occur at a time that is earlier than when we would otherwise exhaust our cash resources.

In February 2020, we entered into a common stock purchase agreement, or the purchase agreement, with Aspire Capital Fund, LLC, or Aspire Capital, which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of $30.0 million of shares of our common stock over the 30-month term of the Purchase Agreement. To date, we have received gross proceeds of $8.4 million from sales of common stock to Aspire Capital. The extent to which we utilize the purchase agreement with Aspire Capital as a source of funding will depend on a number of factors, including the prevailing market price of our common stock, the volume of trading in our common stock and the extent to which we are able to secure funds from other sources. The number of shares that we may sell to Aspire Capital under the purchase agreement on any given day and during the term of the agreement is subject to certain limitations and restrictions. These limits and restrictions include among others, limits on the number of shares we can sell to Aspire Capital on any one trading day. Accordingly, we may not be able to sell shares under the agreement at prices or amounts

that we deem acceptable, and there can be no assurance that we will be able to sell the full remaining $21.6 million of common stock contemplated under the purchase agreement. Additionally, we and Aspire Capital may not effect any sales of shares of our common stock under the purchase agreement during the continuance of an event of default.

In addition, on March 16, 2021, we entered into a sales agreement with Cantor Fitzgerald & Co., or Cantor, and JonesTrading Institutional Services LLC, or JonesTrading, pursuant to which, from time to time, we may offer and sell through Cantor and JonesTrading up to $100.0 million of the common stock registered under our universal shelf registration statement on Form S-3 in one or more "at the market" offerings. To date, we have not made any sales of common stock pursuant to the sales agreement. The extent to which we utilize the sales agreement with Cantor and JonesTrading as a source of funding will depend on a number of factors, including the prevailing market price of our common stock, general market conditions and other restrictions and the extent to which we are able to secure funds from other sources. Accordingly, we may not be able to sell shares under the agreement at prices or amounts that we deem acceptable, and there can be no assurance that we will be able to sell the $100.0 million of common stock contemplated under the sales agreement.

Furthermore, there are a number of factors that may affect our future capital requirements and further accelerate our need for additional working capital, many of which are outside our control, including the following:

- unanticipated costs in our research and development programs;
- the timing and cost of obtaining regulatory approvals for our drug candidates and maintaining compliance with regulatory requirements;
- the timing and amount of option exercise fees, milestone payments, royalties and other payments, including payments due to licensors, including Aurigene and ImmuNext if we exercise our option under the ImmuNext Agreement, for patent rights and technology used in our drug development programs;
- the costs of commercialization activities for any of our drug candidates that receive marketing approval, to the extent such costs are our responsibility, including the costs and timing of establishing drug sales, marketing, distribution and manufacturing capabilities;
- unplanned costs to prepare, file, prosecute, defend and enforce patent claims and other patent-related costs, including litigation costs and technology license fees; and
- unexpected losses in our cash investments or an inability to otherwise liquidate our cash investments due to unfavorable conditions in the capital markets.
- impacts resulting from the COVID-19 pandemic and responsive actions relating thereto; and
- our ability to continue as a going concern.

We face risks related to the novel coronavirus pandemic, COVID-19, which has delayed and may continue to delay our ability to complete our ongoing clinical trials and the enrollment and initiation of future clinical trials, and may disrupt regulatory activities, or have other adverse effects on our business and operations. In addition, the COVID-19 pandemic has caused substantial disruption in the financial markets and economies, which could result in adverse effects on our business and operations.

The COVID-19 pandemic, which began in December 2019, has spread worldwide, causing many governments to implement measures to slow the spread of the outbreak through quarantines, strict travel restrictions, heightened border scrutiny, and other measures.

The outbreak and government measures taken in response have had a significant impact, both direct and indirect, on businesses and commerce. While the COVID-19 pandemic has had adverse effects on our business and we expect the outbreak to have an adverse effect on our business, financial conditions and results of operations in the future, we are unable to predict the extent or nature of the future progression of the COVID-19 pandemic or its effects on our business and operations at this time.

We have enrolled, and will seek to enroll, cancer patients in clinical trials at sites located both in the United States and internationally. Many of our clinical trial sites have imposed restrictions as a result of the COVID-19 pandemic, which have had and may continue to have a negative impact on our ability to conduct our clinical trials. We have encountered and may continue to face difficulties recruiting and retaining patients in our ongoing and planned clinical trials to the extent patients are affected by the virus or are fearful of visiting or traveling to our clinical trial sites because of the outbreak. In addition, we do not currently know the duration or to what degree medical facilities, including our clinical trial sites, will continue to be impacted by the pandemic. For example, all of our clinical trial sites for our ongoing Phase 1 clinical trial for CA-4948 in patients with non-Hodgkin lymphomas, including those with MYD88 alterations, are at large academic research hospitals that

have imposed restrictions on entry which have in some instances, prohibited and in other instances may potentially prohibit in the future, clinical trial monitors and patients from entering the trial sites. As a result, further enrollment in our ongoing clinical trial for CA-4948 in patients with non-Hodgkin lymphomas, including those with MYD88 alterations, has been delayed and may continue to be delayed and patients currently enrolled in the trial may cease treatment due to the restrictions described above or fear of visiting or inability to visit our trial sites. As a result, enrollment in this trial has been slower than expected and the timeline of this clinical trial has been delayed and may continue to be delayed. In addition, in July 2020, we commenced enrollment in our Phase 1 clinical trial in CA-4948 in patients with acute myeloid leukemia and myelodysplastic syndromes. Clinical trial sites for this study have also imposed and may continue to impose restrictions similar to those described above. As a result, we may not be able to enroll this trial on our planned timeline, which would cause a delay in the overall timeline for this trial. Similarly, enrollment in and the overall timeline of our combination study of CA-4948 and ibrutinib, for which we commenced enrollment in February 2021 and our Phase 1 clinical trial for CI-8993, for which we commenced enrollment in September 2020, have been delayed and may continue to be delayed due to the factors discussed above. To the extent clinical trial sites are slowed down or closed to enrollment in our ongoing and planned clinical trials, this could also have a material adverse impact on our clinical trial plans and timelines. These restrictions may also impact our ability to collect patient data in a timely fashion. In addition, we do not know whether and to what extent potential exposure to COVID-19 of patients in our clinical trials could impact the efficacy of CA-4948 or CI-8993. The response to the COVID-19 pandemic may redirect resources of regulators in a way that would adversely impact our ability to progress regulatory approvals. In addition, we may face impediments to regulatory meetings and approvals relating to our clinical trials due to measures intended to limit in-person interactions.

We and our collaborators, third-party contract manufacturers, contract research organizations and clinical sites may experience delays or disruptions in supply and release of product candidates and/or procuring items that are essential for our research and development activities, including, for example, raw materials used in the manufacturing of our product candidates, basic medical and laboratory supplies used in our clinical trials or preclinical studies or animals that are used for preclinical testing, in each case, for which there may be shortages because of ongoing efforts to address the outbreak. Some of our product candidates, or materials contained therein, come from facilities located in areas impacted by COVID-19, including India, China, and Europe. In addition, any disruptions could impact the supply, manufacturing or distribution of Erivedge, and sales of Erivedge may be negatively impacted by a decrease in new prescriptions as a result of a decline in patient medical visits due to the COVID-19 pandemic, which has had and could continue to have a negative impact on the amount and timing of any royalty revenue we may receive from Genentech related to Erivedge. There is no guarantee that the COVID-19 pandemic, or any potential future outbreak, would not impact our supply chain, which could have a material adverse impact on our clinical trial plans and business operations.

We are also experiencing delays in closing down our clinical trial sites related to our fimepinostat and CA-170 trials due to restrictions on non-essential workers imposed at those sites in response to COVID-19, which has delayed the winding down of these trials and may result in additional costs and expenses.

Any negative impact that the COVID-19 pandemic has on the ability of our suppliers to provide materials for our product candidates or on recruiting or retaining patients in our clinical trials could cause costly delays to clinical trial activities, which could adversely affect our ability to obtain regulatory approval for and to commercialize our product candidates, increase our operating expenses, and have a material adverse effect on our financial results. Additionally, the pandemic has already caused significant disruptions in the financial markets, and may continue to cause such disruptions, which could impact our ability to raise additional funds and has also impacted, and may continue to impact, the volatility of our stock price and trading in our stock. Moreover, the pandemic has significantly impacted economies worldwide, which could result in adverse effects on our business and operations. We cannot be certain what the overall impact of the COVID-19 pandemic will be on our business and it has the potential to materially adversely affect our business, financial condition, results of operations, and prospects.

In connection with the Oberland Purchase Agreement, we transferred and encumbered certain royalty and royalty related payments on commercial sales of Erivedge, Curis Royalty granted a first priority lien and security interest in all of its assets, including its rights to the Erivedge royalty payments, and we granted the Purchasers a first priority lien and security interest in our equity interest in Curis Royalty. As a result, in the event of a default by us or Curis Royalty we could lose all retained rights to future royalty and royalty related payments, we could be required to repurchase the Purchased Receivables at a price that is a multiple of the payments we have received, and our ability to enter into future arrangements may be inhibited, all of which could have a material adverse effect on our business, financial condition and stock price.

Pursuant to the Oberland Purchase Agreement, the Purchasers acquired the rights to a portion of certain royalty and royalty related payments excluding a portion of non-U.S. royalties retained by Curis Royalty, referred to as the Purchased Receivables, owed by Genentech under our collaboration agreement with Genentech. In connection with entering into the

Oberland Purchase Agreement, Curis Royalty and the Agent entered into a security agreement and Curis and the Purchasers entered into a pledge agreement.

Following an event of default under the security agreement entered into between Curis Royalty and the Agent in connection with the transaction, the Agent has the right to stop all allocations of payments that would have otherwise been allocated to Curis Royalty pursuant to the Oberland Purchase Agreement and instead retain all such payments. In addition, the Oberland Purchase Agreement provides that after the occurrence of an event of default by Curis Royalty under the security agreement, as described below, the Purchasers shall have the option, for a period of 180 days, to require Curis Royalty to repurchase the Purchased Receivables at a price, referred to as the Put/Call Price, equal to a percentage, beginning at a low triple digit percentage and increasing over time up to a low-mid triple digit percentage, of the sum of the upfront purchase price and any portion of the milestone payments paid in a lump sum by the Purchasers, if any, minus certain payments previously received by the Purchasers with respect to the Purchased Receivables.

Pursuant to the security agreement, Curis Royalty granted to the Agent a first priority lien and security interest in all of its assets and all real, intangible and personal property, including all of its right, title and interest in and to the Erivedge royalty payments. The security interest secures the obligations of Curis Royalty arising under the Oberland Purchase Agreement, the security agreement or otherwise with respect to the due and prompt payment of (i) an amount equal to the Put/Call Price and (ii) all fees, costs, expenses, indemnities and other payments of Curis Royalty under or in respect of the Oberland Purchase Agreement and the security agreement.

The obligations of Curis Royalty under the Oberland Purchase Agreement may be accelerated upon the occurrence of an event of default under the security agreement (subject to certain cure periods), which events of default include:

- any royalty and royalty related payments to be remitted into a certain Curis Royalty designated account controlled by the Agent pursuant to a control agreement, referred to as the royalty account, into which all royalty and royalty related payments must be paid by Curis or Curis Royalty are not so remitted in accordance with the Oberland Purchase Agreement;
- any representation or warranty made by Curis or Curis Royalty in the Oberland Purchase Agreement or any other transaction document proves to be incorrect or misleading in any material respect when made;
- a default by Curis or Curis Royalty in the performance of affirmative and negative covenants set forth in the Oberland Purchase Agreement or any other transaction document;
- a default by Curis in the performance or observance of its indemnity obligations under the Oberland Purchase Agreement;
- the failure by Genentech to pay material amounts owed under the Genentech collaboration agreement because of an actual breach or default by Curis under the Genentech collaboration agreement;
- the failure of the security agreement to create a valid and perfected first priority security interest in any of the collateral;
- a material breach or default by Curis under our agreement with Curis Royalty pursuant to which we transferred our rights to the royalty revenues under the Genentech collaboration agreement to Curis Royalty;
- the voluntary or involuntary commencement of bankruptcy proceedings by either Curis or Curis Royalty and other insolvency related events;
- any materially adverse effect on the binding nature of any of the Oberland Purchase Agreement, Security Agreement, Pledge Agreement or other transaction documents, the Genentech collaboration agreement or our agreement with Curis Royalty;
- any person shall be designated as an independent director of Curis Royalty other than in accordance with Curis Royalty's limited liability company operating agreement; or
- Curis shall at any time cease to own, of record and beneficially, 100% of the equity interests in Curis Royalty.

Upon the occurrence and continuance of an event of default under the security agreement, the Agent may exercise its rights and remedies under the security agreement with respect to Curis Royalty and to the collateral pledged thereunder, including, among other things, acceleration of the obligations under the security agreement, the sale or other realization of the collateral and performance of Curis Royalty's obligations under the purchase and sale agreement. Additionally, Curis granted to the Agent a first priority lien and security interest of Curis' equity interest in Curis Royalty pursuant to a pledge agreement. Upon the occurrence and continuance of an event of default under the security agreement, the Agent may exercise its rights and

remedies under the pledge agreement with respect to the equity interests, including, among other things, the rights to receive distributions and exercise voting rights with respect to the equity interests and to sell or otherwise realize upon the collateral in satisfaction of the obligations. The exercise by the Agent of the foregoing rights shall be deemed to constitute an exercise by the Purchasers of their put option under the Oberland Purchase Agreement.

If any of the above events of default were to occur, Curis Royalty may not have sufficient funds to pay the Put/Call price and the Agent could foreclose on the secured royalty and royalty related payment stream and/or our equity interests in Curis Royalty. In such an event, we could lose our right to royalty and royalty related payments not transferred to the Purchasers pursuant to the Oberland Purchase Agreement and we could lose our rights in Curis Royalty. In addition, in the event Genentech exercises its set-off rights against royalty payments to Curis Royalty pursuant to our collaboration agreement with Genentech, we may be required to satisfy our royalty-sharing obligations to the Purchasers with amounts from our working capital. The Oberland Purchase Agreement also contains exculpation and indemnification obligations of Curis and Curis Royalty on behalf of the Agent and the Purchasers. Further, the encumbrance of all of Curis Royalty's assets, including the right to royalties from sales of Erivedge, and our equity interests in Curis Royalty pursuant to the security agreement and pledge agreement, respectively, may inhibit us from raising additional funds or entering into other strategic arrangements. Any of these consequences of an event of default could have a material adverse effect on our business, financial condition and stock price.

The amount of royalty revenue we received from sales of Erivedge has been adversely affected by a competing drug, and may further be affected in the future.

Pursuant to the terms of our collaboration agreement with Genentech, our subsidiary Curis Royalty is entitled to receive royalties on net sales of Erivedge that range from 5% to 7.5% based upon global Erivedge sales by Roche and Genentech. The royalty rate applicable to Erivedge may be decreased in certain specified circumstances, including when a competing drug product that binds to the same molecular target as Erivedge is approved by the applicable country's regulatory authority and is being sold in such country by a third-party for use in the same indication as Erivedge, or when there is no issued intellectual property covering Erivedge in a territory in which sales are recorded. During the third quarter of 2015, the FDA and the CHMP approved an additional Hedgehog signaling pathway inhibitor marketed by Sun Pharmaceutical Industries Ltd., or Sun Pharmaceutical, sonidegib (Odomzo®), for the treatment of adults with locally advanced basal cell carcinoma, or BCC.

Sales of sonidegib (Odomzo) were first recorded in the U.S. during the fourth quarter of 2015 and, accordingly, Genentech has reduced royalties on its net sales in the U.S. of Erivedge from 5-7.5% to 3-5.5%. Furthermore, we anticipate that Genentech will reduce by 2% royalties on net sales of Erivedge outside of the United States on a country-by-country basis to the extent that sonidegib is approved by the applicable country's regulatory authority and is being sold in such country. We also believe that sales of sonidegib have, and are likely to continue to, adversely affect sales of Erivedge, including those in the U.S. and ex-U.S. countries, which would adversely affect the resulting revenue we may receive from Genentech. In addition, we may experience a decrease in sales of Erivedge as a result of potential decreases in new prescriptions if patient medical visits decline due to the COVID-19 pandemic. A decrease in sales of Erivedge, or in the royalty rate that we receive for sales of Erivedge could adversely affect our operating results.

If the estimates we make and the assumptions on which we rely in preparing our financial statements prove inaccurate, our actual results may vary significantly.

Our financial statements have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of our assets, liabilities, revenues and expenses, the amounts of charges taken by us, and disclosures related thereto. Such estimates and judgments include the carrying value of our property, the value of equipment and intangible assets, revenue recognition, the value of certain liabilities and stock-based compensation expense. We base our estimates and judgments on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. However, these estimates and judgments, and their underlying assumptions, may change over time. Accordingly, our actual financial results may vary significantly from the estimates contained in our financial statements.

RISKS RELATING TO THE DEVELOPMENT AND COMMERCIALIZATION OF OUR DRUGS

We depend heavily on the success of our most advanced drug candidates. All of our drug candidates are still in early clinical or preclinical development. Preclinical studies and clinical trials of our drug candidates may not be successful. If we are unable to commercialize our drug candidates or experience significant delays in doing so, our business will be materially harmed.

Our ability to generate drug candidate(s) and/or drug product revenues, which we do not expect will occur for many years, if ever, will depend heavily on the successful development and eventual commercialization of our most advanced drug

candidates, including CA-4948 and CI-8993. In March 2020, we announced that although we observed no significant drug-drug interaction in our Phase 1 study of fimepinostat in combination with venetoclax, we did not see an efficacy signal that would warrant continuation of the study. Accordingly, no further patients will be enrolled in this study. While we are currently evaluating potential future studies for fimepinostat, our success depends heavily on our ongoing and future clinical trials of CA-4948 and CI-8993, both of which are in early stage clinical development.

We, and any collaborators, are not permitted to commercialize, market, promote or sell any drug candidate in the U.S. without obtaining marketing approval from the FDA. Foreign regulatory authorities, such as the European Medicines Agency, or EMA, impose similar requirements. We, and any collaborators, must complete extensive preclinical development and clinical trials to demonstrate the safety and efficacy of our drug candidates in humans before we will be able to obtain these approvals.

Clinical testing is expensive, is difficult to design and implement, can take many years to complete and is inherently uncertain as to outcome. We cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all, particularly given that many of our clinical trial sites are research hospitals that have imposed restrictions on entry and other activity as a result of the COVID-19 pandemic. The clinical development of our drug candidates is susceptible to the risk of failure inherent at any stage of drug development. Moreover, we, or any collaborators, may experience any of a number of possible unforeseen adverse events in connection with clinical trials, many of which are beyond our control, including:

- we, or our collaborators, may fail to demonstrate efficacy in a clinical trial or across a broad population of patients;
- it is possible that even if one or more of our drug candidates has a beneficial effect, that effect will not be detected during clinical evaluation as a result of one or more of a variety of factors, including the size, duration, design, measurements, conduct or analysis of our clinical trials. Conversely, as a result of the same factors, our clinical trials may indicate an apparent positive effect of a drug candidate that is greater than the actual positive effect, if any;
- adverse events or undesirable side effects caused by, or other unexpected properties of, any drug candidates that we may develop could cause us, any collaborators, an institutional review board or regulatory authorities to interrupt, delay or halt clinical trials of one or more of our drug candidates and could result in a more restrictive label or the delay or denial of marketing approval by the FDA or comparable foreign regulatory authorities;
- if any of our drug candidates is associated with adverse events or undesirable side effects or has properties that are unexpected, we, or any collaborators, may need to abandon development or limit development of that drug candidate to certain uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. For example, CI-8993 was originally developed as part of a license and collaboration agreement between ImmuNext and Janssen Biotech, Inc., or Janssen. In 2016, Janssen initiated clinical development of CI-8993 in a Phase 1 Study evaluating safety, pharmacokinetics and pharmacodynamics of ascending doses of CI-8993 in patients with advanced solid tumors. The study enrolled 12 patients, in which one patient experienced dose-limiting side effects related to cytokine release syndrome. Janssen opted to close the study;
- regulators or institutional review boards may not authorize us, any collaborators or our or their investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- we, or any collaborators, may have delays in reaching or fail to reach agreement on acceptable clinical trial contracts or clinical trial protocols with prospective trial sites;
- clinical trials of our drug candidates may produce unfavorable or inconclusive results, including with respect to the safety, tolerability, efficacy, or pharmacodynamic and pharmacokinetic profile of the drug candidate;
- we, or any collaborators, may decide, or regulators may require us or them, to conduct additional clinical trials or abandon drug development programs;
- the number of patients required for clinical trials of our drug candidates may be larger than we, or any collaborators, anticipate, patient enrollment in these clinical trials may be slower than we, or any collaborators, anticipate or participants may drop out of these clinical trials at a higher rate than we, or any collaborators, anticipate;
- our estimates of the patient populations available for study may be higher than actual patient numbers and result in our inability to sufficiently enroll our trials;
- the cost of planned clinical trials of our drug candidates may be greater than we anticipate;
- our third-party contractors or those of any collaborators, including those manufacturing our drug candidates or components or ingredients thereof or conducting clinical trials on our behalf or on behalf of any collaborators, may

fail to comply with regulatory requirements or meet their contractual obligations to us or any collaborators in a timely manner or at all;

- patients that enroll in a clinical trial may misrepresent their eligibility to do so or may otherwise not comply with the clinical trial protocol, resulting in the need to drop the patients from the clinical trial, increase the needed enrollment size for the clinical trial or extend the clinical trial's duration;
- the FDA or comparable foreign regulatory authorities may disagree with our, or any collaborators', clinical trial designs or our or their interpretation of data from preclinical studies and clinical trials;
- the FDA or comparable foreign regulatory authorities may fail to approve or subsequently find fault with the manufacturing processes or facilities of third-party manufacturers with which we, or any collaborators, enter into agreements for clinical and commercial supplies;
- the supply or quality of raw materials or manufactured drug candidates or other materials necessary to conduct clinical trials of our drug candidates may be insufficient, inadequate or not available at an acceptable cost, or we may experience interruptions in supply;
- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient to obtain marketing approval; and
- constraints on our, or any collaborators', ability to conduct or complete clinical trials for our drug candidates due to the COVID-19 pandemic, including slowdowns in patient enrollment, restrictions on patient monitoring at hospital clinical trial sites, closures of third party facilities, and other disruptions to clinical trial activities.

The therapeutic efficacy of our drug candidates is unproven in humans, and we may not be able to successfully develop and commercialize drug candidates pursuant to these programs.

Our drug candidates, including CA-4948, CI-8993, fimepinostat, and CA-170, are novel chemical and biologic entities and their potential benefit as therapeutic cancer drugs is unproven. Our ability to generate revenues from these drug candidates, which we do not expect will occur in the short-term, if ever, will depend heavily on their successful development and commercialization, which is subject to many potential risks. For example, our drug candidates may not prove to be effective inhibitors of the molecular targets they are being designed to act against, and may not demonstrate in patients any or all of the pharmacological benefits that may have been demonstrated in preclinical studies. These drug candidates may interact with human biological systems in unforeseen, ineffective or harmful ways. If the FDA determines that any of our drug candidates are associated with significant side effects or have characteristics that are unexpected, we may need to delay or abandon their development or limit development to certain uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk benefit perspective. Moreover, we may determine after conducting clinical trials or related studies that certain of our drug candidates do not possess the anticipated therapeutic characteristics, and we may decide to abandon or discontinue any one of our clinical studies. For example, in the fourth quarter of 2019, we announced initial data from a clinical study of CA-170 in patients with mesothelioma in conjunction with the Society of Immunotherapy of Cancer conference and based on this data, we decided no further patients will be enrolled in this study. In addition, in March 2020, we announced that although we observed no significant drug-drug interaction in our Phase 1 study of fimepinostat in combination with venetoclax, we did not see an efficacy signal that would warrant continuation of the study. Accordingly, no further patients will be enrolled in this study.

Moreover, many drug candidates that initially showed promise in early stage testing for treating cancer have later been found to cause side effects that prevented further development of the compound or resulted in their removal from the market. As a result of these and other risks described herein that are inherent in the development and commercialization of novel therapeutic agents, we may not successfully maintain third-party licensing or collaboration transactions with respect to, or successfully commercialize, our drug candidates, in which case we will not achieve profitability and the value of our stock may decline.

If we experience delays in the enrollment of patients in our 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 our drug candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials. Patient enrollment is a significant factor in the timing of clinical trials, and is affected by many factors, including:

- the impact of the COVID-19 pandemic;
- the size and nature of the patient population;
- the severity of the disease under investigation;

- the availability of approved therapeutics for the relevant disease;
- the proximity of patients to clinical sites;
- the eligibility criteria and design for the trial;
- efforts to facilitate timely enrollment;
- competing clinical trials; and
- clinicians' and patients' perceptions as to the potential advantages and risks of the drug being studied in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating.

In addition, many of our competitors have ongoing clinical trials for drug candidates that could be competitive with our drug candidates. Patients who would otherwise be eligible for our clinical trials may instead enroll in clinical trials of our competitors' drug candidates or rely upon treatment with existing therapies that may preclude them from eligibility for our clinical trials.

Our inability, or the inability of any future collaborators, to enroll a sufficient number of patients for our, or their, clinical trials could result in significant delays or may require us or them to abandon one or more clinical trials altogether and may result in increased development costs for our drug candidates, which could cause the value of our stock price to decline.

Results of preclinical studies and early clinical trials may not be predictive of results of future late stage clinical trials, and interim, "top-line," initial, and preliminary data from our clinical trials may change as more patient data become available or as additional analyses are conducted and audit and verification procedures could result in material changes to the final data.

We cannot assure you that we will be able to replicate in human clinical trials the results we observed in animal models. Moreover, the outcome of preclinical studies and early clinical trials may not be predictive of the success of later clinical trials, and interim results of clinical trials do not necessarily predict success in future clinical trials. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late stage clinical trials after achieving positive results in earlier development, and we could face similar setbacks. The design of a clinical trial can determine whether its results will support approval of a drug and flaws in the design of a clinical trial may not become apparent until the clinical trial is well advanced. In addition, preclinical and clinical data are often susceptible to varying interpretations and analyses. Many companies that believed their drug candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval for the drug candidates. Even if we, or any collaborators, believe that the results of clinical trials for our drug candidates warrant marketing approval, the FDA or comparable foreign regulatory authorities may disagree and may not grant marketing approval of our drug candidates.

In some instances, there can be significant variability in safety or efficacy results between different clinical trials of the same drug candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the dosing regimen and other clinical trial protocols and the rate of dropout among clinical trial participants. If we fail to receive positive results in clinical trials of our drug candidates, the development timeline and regulatory approval and commercialization prospects for our most advanced drug candidates, and, correspondingly, our business and financial prospects would be negatively impacted.

In addition, from time to time, we publish interim, "top-line," initial, or preliminary data from our clinical studies. Interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Initial, preliminary or "top-line" data also remain subject to audit and verification procedures that may result in the final data being materially different from the data we previously published. As a result, interim, "top-line," initial, and preliminary data should be viewed with caution until the final data are available. Material adverse changes between such data and final published data could significantly harm our business prospects.

We have never obtained marketing approval for a drug candidate and we may be unable to obtain, or may be delayed in obtaining, marketing approval for any of our current drug candidates or any future drug candidates that we, or any future collaborators, may develop.

We have never obtained marketing approval for a drug candidate. It is possible that the FDA may refuse to accept for substantive review any new drug applications, or NDAs, or Biologics Licensing Applications, or BLAs that we submit for our drug candidates or may conclude after review of our data that our application is insufficient to obtain marketing approval of our drug candidates. If the FDA does not accept or approve our NDAs or BLAs for any of our drug candidates, it may require that we conduct additional clinical trials, preclinical studies or manufacturing validation studies and submit that data before it will

reconsider our applications. Depending on the extent of these or any other FDA-required trials or studies, approval of any NDA, BLA or application that we submit may be delayed by several years, or may require us to expend more resources than we have available. It is also possible that additional trials or studies, if performed and completed, may not be considered sufficient by the FDA to approve our NDAs or BLAs. Any delay in obtaining, or an inability to obtain, marketing approvals would prevent us from commercializing our drug candidates or any companion diagnostics, generating revenues and achieving and sustaining profitability. If any of these outcomes occur, we may be forced to abandon our development efforts for our drug candidates, which could significantly harm our business.

Even if any drug candidates that we, or any collaborators, may develop receive marketing approval, we or others may later discover that the drug is less effective than previously believed or causes undesirable side effects that were not previously identified, which could compromise our ability, or that of any collaborators, to market the drug.

It is possible that our clinical trials, or those of any collaborator, may indicate an apparent positive effect of a drug candidate that is greater than the actual positive effect, if any, or alternatively fail to identify undesirable side effects. If, following approval of a drug candidate, we, or others, discover that the drug is less effective than previously believed or causes undesirable side effects that were not previously identified, any of the following adverse events could occur:

- regulatory authorities may withdraw their approval of the drug or seize the drug;
- we, or any future collaborators, may be required to recall the drug, change the way the drug is administered or conduct additional clinical trials;
- additional restrictions may be imposed on the marketing of, or the manufacturing processes for, the particular drug;
- we may be subject to fines, injunctions or the imposition of civil or criminal penalties;
- regulatory authorities may require the addition of labeling statements, such as a “black box” warning or a contraindication;
- we, or any future collaborators, may be required to create a Medication Guide outlining the risks of the previously unidentified side effects for distribution to patients;
- we, or any future collaborators, could be sued and held liable for harm caused to patients;
- the drug may become less competitive; and
- our reputation may suffer.

Any of these events could harm our business and operations, and could negatively impact our stock price.

Even if our drug candidates receive marketing approval, they may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success, in which case we may not generate significant revenues or become profitable.

We have never commercialized a drug, and even if one of our drug candidates is approved by the appropriate regulatory authorities for marketing and sale, it may nonetheless fail to gain sufficient market acceptance by physicians, patients, third-party payors and others in the medical community. Physicians are often reluctant to switch their patients from existing therapies even when new and potentially more effective or convenient treatments enter the market. Further, patients often acclimate to the therapy that they are currently taking and do not want to switch unless their physicians recommend switching drugs or they are required to switch therapies due to lack of reimbursement for existing therapies.

Efforts to educate the medical community and third-party payors on the benefits of our drug candidates may require significant resources and may not be successful. If any of our drug candidates is approved but does not achieve an adequate level of market acceptance, we may not generate significant revenues and we may not become profitable. The degree of market acceptance of our drug candidates, if approved for commercial sale, will depend on a number of factors, including:

- the efficacy and safety of the drug;
- the potential advantages of the drug compared to competitive therapies;
- the prevalence and severity of any side effects;
- whether the drug is designated under physician treatment guidelines as a first-, second- or third-line therapy;
- our ability, or the ability of any future collaborators, to offer the drug for sale at competitive prices;
- the drug’s convenience and ease of administration compared to alternative treatments;

- the willingness of the target patient population to try, and of physicians to prescribe, the drug and patient adherence to the drug's dosing regimen once prescribed;
- limitations or warnings, including distribution or use restrictions, contained in the drug's approved labeling;
- the strength of sales, marketing and distribution support;
- changes in the standard of care for the targeted indications for the drug; and
- availability and amount of coverage and reimbursement from government payors, managed care plans and other third-party payors.

We may expend our limited resources to pursue a particular drug candidate or indication and fail to capitalize on drug 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 drug candidates that we believe may have the best potential in certain specific indications. As a result, we may delay or forgo pursuit of certain opportunities with our other drug 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 drugs or profitable market opportunities. Our spending on current and future proprietary research and development programs and drug candidates for specific indications may not yield any commercially viable drug candidates. If we do not accurately evaluate the commercial potential or target market for a particular drug candidate, we may relinquish valuable rights to that drug 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 drug candidate. For example, in the fourth quarter of 2019, we announced initial data from a clinical study of CA-170 in patients with mesothelioma in conjunction with the Society of Immunotherapy of Cancer conference. Based on this data, we decided no further patients will be enrolled in the study. In addition, in March 2020, we announced that although we observed no significant drug-drug interaction in our Phase 1 study of fimepinostat in combination with venetoclax, we did not see an efficacy signal that would warrant continuation of the study. Accordingly, no further patients will be enrolled in this study.

We currently have no sales, marketing, or distribution experience and, as such, we must build infrastructure related to product sales, marketing and distribution or make arrangements with third parties to perform these services, and any such third parties may not successfully market or sell any drugs we develop.

We currently have no sales, marketing, or drug distribution experience or capabilities. If we receive required regulatory approvals to commercialize any of our drug candidates, we may plan to rely primarily on sales, marketing and distribution arrangements with third parties, including our collaborative partners. For example, as part of our agreements with Genentech, we have granted Genentech the exclusive rights to distribute drugs resulting from such collaboration, and Genentech is currently commercializing Erivedge. We may have to enter into additional marketing and/or sales arrangements in the future and we may not be able to enter into these additional arrangements on terms that are favorable to us, if at all. In addition, we may have limited or no control over the sales, marketing, and distribution activities of these third parties, and sales through these third parties could be less profitable for us than direct sales. These third-parties could sell competing drugs and may devote insufficient sales efforts or resources to our drugs. Our future revenues will be materially dependent upon the successful efforts of these third parties.

We may seek to independently market and sell drugs that are not already subject to agreements with other parties. If we undertake to perform sales, marketing and distribution functions ourselves, we could face a number of additional risks, including:

- we may not be able to attract and build a significant and skilled marketing staff or sales force;
- the cost of establishing a marketing staff or sales force may not be justifiable in light of the revenues generated by any particular drug; and
- our direct sales and marketing efforts may not be successful.

We face substantial competition, and our competitors may discover, develop or commercialize drugs before or more successfully than we do.

Our drug candidates face competition from existing and new technologies and drugs being developed by biotechnology, medical device, and pharmaceutical companies, as well as universities and other research institutions. For example, there are several companies developing drug candidates that target the same molecular targets that we are targeting or that are testing drug candidates in the same cancer indications that we are testing. While we are not aware of other molecules in clinical testing that are designed as one chemical entity to inhibit both PI3K and HDAC that targets MYC, there are commercially available

drugs that individually target PI3K or HDAC and there are multiple companies testing PI3K or HDAC inhibitors that are in various stages of clinical development.

We are aware of multiple other companies in pre-clinical development of IRAK4 inhibitors for oncology indications, including TG Therapeutics, Inc./Ligand Pharmaceuticals, Incorporated., Nyrada/Noxopharm Ltd., Kurome Therapeutics and Kymera Therapeutics Inc. Bayer AG's IRAK4 inhibitor has an active oncology clinical study but is currently not recruiting. VISTA (V-domain Ig Suppressor of T-cell Activation) is a novel immuno-oncology target. We are aware that Pierre Fabre (W0180) has an active clinical-stage program and multiple other companies have preclinical developments, including Kineta (KVA), Suzhou Stainwei Biotech (mab-5), Apexigen (APX-201), Hummingbird Biosciences (HMBD-002), Beijing Mabworks Biotech (MIL-99), and PharmAbcine (PMC-309). In addition, there are multiple approved products on the market that inhibit PD1/PDL1, including Bristol-Myers Squibb Company's Opdivo™, Merck & Co., Inc.'s Keytruda™, Roche Holding AG's Tecentriq™, Merck & Co., Inc., KGaA / Pfizer Inc.'s Bavencio™, AstraZeneca plc's Imfinzi™, Regeneron Pharmaceuticals, Inc./Sanofi S.A.'s Libtayo™, and a number of drug candidates in various stages of development (by Novartis AG, TESARO Inc., and others). We are also aware of multiple other companies developing drugs to target TIM3, including Novartis AG, Incyte Corporation, TESARO, Inc., Bristol-Myers Squibb Company, Eli Lilly and Company, and others.

We are aware of several companies that have clinical development programs relating to compounds that modulate the Hedgehog signaling pathway and may compete with Erivedge, including: Exelixis, Inc./Bristol-Myers Squibb Company (BMS-833923 / XL139), PellePharm, Inc. (patidegib), and Cyclene Pharmaceuticals Inc./Senhwa Biosciences Inc. (silmitasertib / CX-4945). Furthermore, glasdegib (Daurismo™) is marketed by Pfizer Inc. for the treatment of newly diagnosed adult AML patients for whom intensive chemotherapy is not an option, and, sonidegib (Odomzo™) is marketed by Sun Pharmaceutical, for the treatment of adults with locally advanced BCC. Under the terms of our collaboration agreement with Genentech, our royalty on sales of Erivedge has been reduced and may be further reduced as a result of sales of sonidegib.

Many of our competitors have substantially greater capital resources, research and development staffs and facilities, and more extensive experience than we have. As a result, efforts by other biotechnology, medical device and pharmaceutical companies could render our programs or drugs uneconomical or result in therapies superior to those that we develop alone or with a collaborator. For those programs that we have selected for internal development, we face competition from companies that are more experienced in drug development and commercialization, obtaining regulatory approvals and drug manufacturing. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Other smaller companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. As a result, any of these companies may be more successful in obtaining collaboration agreements or other monetary support, approval and commercialization of their drugs and/or may develop competing drugs more rapidly and/or at a lower cost.

If we are not able to compete effectively, then we may not be able, either alone or with others, to advance the development and commercialization of our drug candidates, which would adversely affect our ability to grow our business and become profitable.

Even if we, or any collaborators, are able to commercialize any drug candidate that we, or they, develop, the drug may become subject to unfavorable pricing regulations, third-party payor reimbursement practices or healthcare reform initiatives, any of which could harm our business.

The commercial success of our drug candidates will depend substantially, both domestically and abroad, on the extent to which the costs of our drug candidates will be paid by third-party payors, including government health care programs and private health insurers. If coverage is not available, or reimbursement is limited, we, or any collaborators, may not be able to successfully commercialize our drug candidates. Even if coverage is provided, the approved reimbursement amount may not be high enough to allow us, or any collaborators, to establish or maintain pricing sufficient to realize a sufficient return on our or their investments. In the U.S., no uniform policy of coverage and reimbursement for drugs exists among third-party payors and coverage and reimbursement levels for drugs can differ significantly from payor to payor. As a result, the coverage determination process is often a time consuming and costly process that may require us to provide scientific and clinical support for the use of our drugs to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

There is significant uncertainty related to third-party payor coverage and reimbursement of newly approved drugs. Marketing approvals, pricing and reimbursement for new drug products vary widely from country to country. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or drug licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we, or any future collaborators, might

obtain marketing approval for a drug in a particular country, but then be subject to price regulations that delay commercial launch of the drug, possibly for lengthy time periods, which may negatively impact the revenues we are able to generate from the sale of the drug in that country. Adverse pricing limitations may hinder our ability or the ability of any future collaborators to recoup our or their investment in one or more drug candidates, even if our drug candidates obtain marketing approval.

Patients who are provided medical treatment for their conditions generally rely on third-party payors to reimburse all or part of the costs associated with their treatment. Therefore, our ability, and the ability of any future collaborators, to commercialize successfully any of our drug candidates will depend in part on the extent to which coverage and adequate reimbursement for these drugs and related treatments will be available from third-party payors. Third-party payors decide which medications they will cover and establish reimbursement levels. The healthcare industry is acutely focused on cost containment, both in the U.S. and elsewhere. Government authorities and other third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications, which could affect our ability or that of any future collaborators to sell our drug candidates profitably. These payors may not view our drugs, if any, as cost-effective, and coverage and reimbursement may not be available to our customers, or those of any future collaborators, or may not be sufficient to allow our drugs, if any, to be marketed on a competitive basis. Cost-control initiatives could cause us, or any future collaborators, to decrease the price we, or they, might establish for drugs, which could result in lower than anticipated drug revenues. If the prices for our drugs, if any, decrease or if governmental and other third-party payors do not provide coverage or adequate reimbursement, our prospects for revenue and profitability will suffer.

There may also be delays in obtaining coverage and reimbursement for newly approved drugs, and coverage may be more limited than the indications for which the drug is approved by the FDA or comparable foreign regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Reimbursement rates may vary, by way of example, according to the use of the drug and the clinical setting in which it is used. Reimbursement rates may also be based on reimbursement levels already set for lower cost drugs or may be incorporated into existing payments for other services.

In addition, increasingly, third-party payors are requiring higher levels of evidence of the benefits and clinical outcomes of new technologies and are challenging the prices charged. Further, the net reimbursement for drug products may be subject to additional reductions if there are changes to laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the U.S. An inability to promptly obtain coverage and adequate payment rates from both government-funded and private payors for any of our drug candidates for which we, or any future collaborator, obtain marketing approval could significantly harm our operating results, our ability to raise capital needed to commercialize drugs and our overall financial condition.

Product liability lawsuits against us or our collaborators could divert our resources, cause us to incur substantial liabilities and limit commercialization of any drugs that we may develop.

We and our collaborators face a risk of product liability claims, which could expose us and them to significant liabilities and costs and prevent or interfere with the development or commercialization of our drug candidates or drugs that we may develop. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the drug, negligence, strict liability or a breach of warranties. Claims could also be asserted under state consumer protection acts. If we or our collaborators cannot successfully defend ourselves against product liability claims, we or our collaborators may incur substantial liabilities or be required to limit commercialization of our drug candidates or drugs that we may develop. Regardless of their merit or eventual outcome, such liability claims would require us to spend significant time, money and other resources to defend such claims, and could result in decreased demand for our drug candidates or drugs that we may develop, injury to our reputation and significant loss of revenue.

Although we currently have product liability insurance for our clinical trials, this insurance is subject to deductibles and coverage limitations and may not be adequate in scope to protect us in the event of a successful product liability claim.

RISKS RELATING TO OUR DEPENDENCE ON THIRD PARTIES

We are reliant on Genentech and Roche for the successful commercialization of Erivedge. If Genentech and Roche do not successfully commercialize Erivedge for advanced BCC, our future prospects may be substantially harmed.

Our levels of revenue in each period and our near-term prospects substantially depend upon Genentech's ability to successfully continue to commercialize Erivedge for patients with advanced BCC and to demonstrate its superiority over existing therapies and standards of care. The further development and commercialization of Erivedge could be unsuccessful if:

- Erivedge becomes no longer accepted as safe, efficacious, cost-effective and preferable for the treatment of advanced BCC to current therapies in the medical community and by third-party payors;

- Genentech and/or Roche fail to continue to apply the necessary financial resources and expertise to manufacturing, marketing and selling Erivedge for advanced BCC, and to regulatory approvals for this indication outside of the U.S.;
- Genentech and/or Roche do not continue to develop and implement effective marketing, sales and distribution strategies and operations for development and commercialization of Erivedge for advanced BCC;
- Genentech and/or Roche do not continue to develop, validate and maintain a commercially viable manufacturing process for Erivedge that is compliant with current good manufacturing practices;
- Genentech and/or Roche do not successfully obtain third-party reimbursement and generate commercial demand that results in sales of Erivedge for advanced BCC in any geographic areas where requisite approvals have been, or may be, obtained;
- we, Genentech, or Roche encounter third-party patent interference, derivation, inter partes review, post grant review, reexamination or patent infringement claims with respect to Erivedge;
- Genentech and/or Roche do not comply with regulatory and legal requirements applicable to the sale of Erivedge for advanced BCC;
- competing drug products are approved for the same indications as Erivedge, such as is the case with sonidegib;
- new safety risks are identified;
- Erivedge does not demonstrate acceptable safety and efficacy in current or future clinical trials, or otherwise does not meet applicable regulatory standards for approval in indications other than advanced BCC;
- Genentech and/or Roche determine to reprioritize Genentech's commercial or development programs and reduce or terminate Genentech's efforts on the development or commercialization of Erivedge;
- Genentech does not exercise its first right to maintain or defend intellectual property rights associated with Erivedge; or,
- further development of Erivedge is delayed, or sales of Erivedge decrease, due to the impacts of the COVID-19 pandemic.

We depend on third-parties for the research and, as applicable, development and commercialization of certain programs. If one or more of our collaborators fails or delays in developing or, as applicable, commercializing drug candidates based upon our technologies, our business prospects and operating results could suffer and our stock price could decline.

Pursuant to our collaboration with Genentech, we have granted to Genentech exclusive rights to develop and commercialize drugs based upon our Hedgehog signaling pathway technologies. Collaborations involving our drug candidates, including our collaborations with Aurigene, Genentech and ImmuNext, pose the following risks to us:

- Our collaborators each have significant discretion in determining the efforts and resources that they will apply to their respective collaboration with us. If a collaborator fails to allocate sufficient time, attention and resources to our collaboration, the successful development and commercialization of drug candidates under such collaboration is likely to be adversely affected. For example, we are dependent on ImmuNext to conduct certain non-clinical research activities to support our expected Phase 1 clinical trial of CI-8993.
- Our collaborators may develop and commercialize, either alone or with others, drugs that are similar to or competitive with the drug candidates that are the subject of our respective collaborations. For example, Genentech and Roche are involved in the commercialization of many cancer medicines and are seeking to develop several other cancer drug therapies, and Aurigene has other active cancer-focused discovery programs and has also entered into license agreements with other companies that focus on cancer therapies.
- Our collaborators may change the focus of their development and commercialization efforts or pursue higher-priority programs and there can be no assurance that third-parties engaged to develop or commercialize our product candidates or products will succeed in developing or commercializing our products or devote sufficient resources to the development or commercialization of our product candidates or products. In addition, potential competitors may have substantially greater financial and other resources and may be able to expend more funds and effort with respect to competing products than Genentech or other third-parties engaged by us.
- Our collaborators may enter into one or more transactions with third-parties, including a merger, consolidation, reorganization, sale of substantial assets, sale of substantial stock or change of control. Any such transaction could divert the attention of our collaborative partner's management and adversely affect its ability to retain and motivate

key personnel who are important to the continued development of the programs under such collaboration. In addition, an acquirer could determine to reprioritize our collaborator's development programs such that our collaborator ceases to diligently pursue the development of our programs, and/or terminates our collaboration.

- Our collaborators may, under specified circumstances, terminate their collaborations with us on short notice and for circumstances outside of our control, which could make it difficult for us to attract new collaborators or adversely affect how we are perceived in the scientific, biotech, pharma and financial communities.
- Our collaborators may utilize our intellectual property rights in such a way as to invite litigation that could jeopardize or invalidate our intellectual property rights, or expose us to potential liability.
- Disputes may arise between collaborators and us regarding ownership of or other rights in the intellectual property generated in the course of the collaborations.
- If any of our collaborators were to breach or terminate its arrangement with us, the development and commercialization of the affected drug candidate or program could be delayed, curtailed or terminated.

We may not be successful in establishing additional strategic collaborations, which could adversely affect our ability to develop and commercialize any drug candidates which we have strategically determined to pursue with a collaborator.

We may seek corporate collaborators or licensees for the further development and commercialization of one or more of our drug candidates in one or more geographic territories, particularly in territories outside of the U.S. We face significant competition in seeking appropriate collaborators and a number of recent business combinations in the biotechnology and pharmaceutical industry may result in a reduced number of potential future collaborators. In addition, collaborations are complex and time-consuming to negotiate and document. We may not be able to negotiate collaborations on a timely basis, on acceptable terms, or at all. If we are unable to do so, we may have to curtail the development of the product candidate for which we are seeking to collaborate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. Moreover, we may not be successful in our efforts to establish a collaboration or other alternative arrangements because our research and development pipeline may be insufficient, our programs may be deemed to be at too early of a stage of development for collaborative effort and/or third-parties may not view our drug candidates and programs as having the requisite potential to demonstrate safety and efficacy or as sufficiently differentiated compared to existing or emerging treatments. We are also restricted under the terms of certain of our existing collaboration agreements from entering into collaborations regarding or otherwise developing drug candidates that are similar to the drug candidates that are subject to those agreements, such as developing drug candidates that inhibit the same molecular target. In addition, collaboration agreements that we enter into in the future may contain further restrictions on our ability to enter into potential collaborations or to otherwise develop specified drug candidates. Even if we are successful in our efforts to establish new collaborations, the terms that we agree upon may not be favorable to us and such collaboration agreements may not lead to development or commercialization of drug candidates in the most efficient manner, or at all.

Moreover, if we fail to establish and maintain additional collaborations related to drug candidates for which we have determined to pursue a collaborator:

- the development of such drug candidates may be terminated or delayed;
- our cash expenditures related to development of certain of such drug candidates would increase significantly and we may need to seek additional financing;
- we may be required to hire additional employees or otherwise develop additional expertise, such as clinical, regulatory, sales and marketing expertise, for which we have not budgeted;
- we will have to bear all of the risk related to the development of any such drug candidates; and
- our future prospects may be adversely affected and our stock price could decline.

We rely in part on third parties to conduct clinical trials of our internally-developed and in-licensed drug candidates, and if such third-parties perform inadequately, including failing to meet deadlines for the completion of such trials, research or testing, then we may not be able to successfully develop and commercialize drug candidates and grow our business.

We rely heavily on third-parties such as consultants, clinical investigators, contract research organizations and other similar entities to complete certain aspects of our preclinical testing and clinical trials and provide services in connection with such clinical trials, and expect to continue to do so for the foreseeable future. Despite having contractual remedies available to us under our agreements with such contractors, we cannot control whether or not they devote sufficient time, skill and resources to our ongoing development programs. These third parties have been and may continue to be impacted by the COVID-19

pandemic or government measures taken in response to the pandemic in ways that negatively impact their ability to fulfill their contractual obligations to us in connection with our clinical trials. Furthermore, these third parties may also have relationships with other entities, some of which may be our competitors. These third parties may not complete activities on schedule, or at all, or may not conduct our clinical trials in accordance with the established clinical trial protocol or design. In addition, the FDA and its foreign equivalents require us to comply with certain standards, referred to as "good clinical practices," and applicable regulatory requirements, for conducting, recording and reporting the results of clinical trials. These requirements assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. Our reliance on third-parties does not relieve us of these responsibilities and requirements. If any of our third-party contractors do not comply with good clinical practices or other applicable regulatory requirements, we may not be able to use the data and reported results from the applicable trial. Any failure by a third-party to conduct our clinical trials as planned or in accordance with regulatory requirements could delay or otherwise adversely affect our efforts to obtain regulatory approvals for and commercialize our drug candidates.

We depend on third parties to produce our drug candidates, and if these third parties do not successfully formulate or manufacture these drug candidates, our business could be harmed.

In order to continue to develop drug candidates, apply for regulatory approvals, and commercialize drugs, we or any collaborators must be able to manufacture drug candidates in adequate clinical and commercial quantities, in compliance with regulatory requirements, including those related to quality control and quality assurance, at acceptable costs and in a timely manner. The manufacture of our drug candidates may be complex, difficult to accomplish and difficult to scale-up when large-scale production is required. Manufacture may be subject to delays, inefficiencies and low yields of quality drugs. The cost of manufacturing some of our drug candidates may make them prohibitively expensive.

To the extent that we or any collaborators seek to enter into manufacturing arrangements with third parties, we and such collaborators will depend upon these third parties to perform their obligations in a timely and effective manner and in accordance with government regulations. We may be unable to establish any agreements with contract manufacturers or to do so on acceptable terms. Contract manufacturers may breach their manufacturing agreements because of factors beyond our and our collaborators' control, including as a result of the COVID-19 pandemic or government measures taken in response to the pandemic, or may terminate or fail to renew a manufacturing agreement based on their own business priorities, becoming costly and/or inconvenient for us and our collaborators. Even if we are able to establish agreements with contract manufacturers, reliance on contract manufacturers entails additional risks, including:

- manufacturing delays if our third-party contractors 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 agreements between us and them, or if unforeseen events in the manufacturing process arise;
- the failure of third-party contractors to comply with applicable regulatory requirements;
- the possible mislabeling of clinical supplies, potentially resulting in the wrong dose amounts being supplied or active drug or placebo not being properly identified;
- the possibility of clinical supplies not being delivered to clinical sites on time, leading to clinical trial interruptions, or of drug supplies not being distributed to commercial vendors in a timely manner, resulting in lost sales; and
- the possible misappropriation of our proprietary information, including our trade secrets and know-how.

Any manufacturing problem, the loss of a contract manufacturer or any loss of storage could be disruptive to our operations, delay our clinical trials and, if our products are approved for sale, result in lost sales.

Any contract manufacturers with whom we or our collaborators enter into manufacturing arrangements will be subject to ongoing periodic, unannounced inspection by the FDA and state and foreign agencies or their designees to ensure strict compliance with current good manufacturing practices and other governmental regulations and corresponding foreign standards. Any failure by contract manufacturers, collaborators, or us to comply with applicable regulations could result in sanctions being imposed, including fines, injunctions, civil penalties, denial by regulatory authorities of marketing approval for drug candidates, delays, suspension or withdrawal of approvals, imposition of clinical holds, seizures or recalls of drug candidates, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect our business. If we or a collaborator need to change manufacturers, the FDA and corresponding foreign regulatory agencies must approve any new manufacturers in advance. This would involve testing and pre-approval inspections to ensure compliance with FDA and foreign regulations and standards.

If third party manufacturers fail to perform their obligations, our competitive position and ability to generate revenue may be adversely affected in a number of ways, including;

- we, and any collaborators, may not be able to initiate or continue certain preclinical and/or clinical trials of our drug candidates under development;
- we, and any collaborators, may be delayed in submitting applications for regulatory approvals for our drug candidates; and
- we, and any collaborators, may not be able to meet commercial demand for any approved drug products.

Because we rely on a limited number of suppliers for the raw materials used in our drug candidates, any delay, shortage or interruption in the supply of such raw materials or contamination in our manufacturing process could lead to delays in the manufacture and supply of our drug candidates.

We rely on third-parties to supply certain raw materials necessary to produce our drug candidates for preclinical studies and clinical trials. There are a small number of suppliers for certain raw materials that we use to manufacture our drug candidates. We purchase these materials from our suppliers on a purchase order basis and do not have long-term supply agreements in place, which exposes us to a variety of risks, including a potential inability to obtain critical materials and reduced control over production costs, delivery schedules, reliability and quality. Any unanticipated disruption to our contract manufacturing caused by problems at suppliers could delay shipment of our product candidates, increase our cost of goods sold and result in lost sales with respect to any approved products. Any significant delay in the supply of raw materials for our drug candidates for a preclinical study or an ongoing clinical trial due to the need to replace a third-party supplier could considerably delay completion of certain preclinical studies and/or clinical trials. Moreover, if we are unable to purchase sufficient raw materials after regulatory approval for our drug candidates, the commercial launch of our drug candidates could be delayed, or there could be a supply shortage, each of which would impair our ability to generate revenues from their sale.

In addition, a material shortage, contamination, recall or restriction on the use of substances in the manufacture of our drug candidates, or the failure of any of our key suppliers to deliver necessary components required for the manufacture of our drug candidates, could adversely impact or disrupt the commercial manufacture or the production of clinical material, which could materially and adversely affect our development timelines and our business, financial condition, results of operations, and future prospects.

RISKS RELATING TO EMPLOYEE MATTERS AND MANAGING GROWTH

If we are not able to attract and retain key management and scientific personnel and advisors, we may not successfully develop our drug candidates or achieve our other business objectives.

We depend upon our senior management team. The loss of the service of any of the key members of our senior management may significantly delay or prevent the achievement of drug development and other business objectives. Our officers all serve pursuant to “at will” employment arrangements and can terminate their employment with us at any time. We do not maintain “key person” insurance for any of our executives or other employees. In the future, we may be dependent on other members of our management, scientific and development team.

Our ability to compete in the biotechnology and pharmaceuticals industries depends upon our ability to attract and retain highly qualified managerial, scientific and medical personnel. Our industry has experienced a high rate of turnover of management personnel in recent years. If we lose one or more of our executive officers or other key employees, our ability to successfully implement our business strategy could be seriously harmed. Furthermore, replacing executive officers or other key employees may be difficult and take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to develop, market and commercialize drugs successfully. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate additional key employees on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies, universities and research institutions for similarly qualified personnel.

We rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our consultants and advisors may be employed by other entities and may have commitments under consulting or advisory contracts with those entities that may limit their availability to us. If we are unable to continue to attract and retain highly qualified personnel, our ability to develop and commercialize our drug candidates will be limited.

We may seek to acquire complementary businesses and technologies or otherwise seek to expand our operations and grow our business, which may divert management resources and adversely affect our financial condition and operating results.

We may seek to expand our operations, including through internal growth and/or the acquisition of businesses and technologies that we believe are a strategic complement to our business model. We may not be able to identify suitable acquisition candidates or expansion strategies and successfully complete such acquisitions or successfully execute any such other expansion strategies. We may never realize the anticipated benefits of any efforts to expand our business. Furthermore, the expansion of our business, either through internal growth or through acquisitions, poses significant risks to our existing operations, financial condition and operating results, including:

- a diversion of management attention from our existing operations;
- increased operating complexity of our business, requiring greater personnel and resources;
- significant additional cash expenditures to expand our operations and acquire and integrate new businesses and technologies;
- unanticipated expenses and potential delays related to integration of the operations, technology and other resources of any acquired companies;
- uncertainty related to the value, benefits or legitimacy of intellectual property or technologies acquired;
- retaining and assimilating key personnel and the potential impairment of relationships with our employees;
- incurrence of debt, other liabilities and contingent liabilities, including potentially unknown contingent liabilities; and
- dilutive stock issuances.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY

We may not be able to obtain and maintain patent protection for our technologies and drugs, our licensors may not be able to obtain and maintain patent protection for the technology or drugs that we license from them, and the patent protection we or they do obtain may not be sufficient to stop our competitors from using similar technology.

The long-term success of our business depends in significant part on our ability to:

- obtain patents to protect our technologies and discoveries;
- protect trade secrets from disclosure to competitors;
- operate without infringing upon the proprietary rights of others; and
- prevent others from infringing on our proprietary rights.

The patent positions of pharmaceutical and life science companies, including ours, are generally uncertain and involve complex legal, scientific and factual questions. The laws, procedures and standards that the U.S. Patent and Trademark Office and various foreign intellectual property offices use to grant and maintain patents, and the standards that courts use to interpret patents, are not always applied predictably or uniformly and have changed in significant ways and are expected to continue to change. In addition, the laws of foreign countries may not protect our rights to the same extent or in the same manner as the laws of the U.S. For example, European patent law restricts the patentability of methods of treatment of the human body more than U.S. law does. Consequently, the level of protection, if any, that will be obtained and provided by our patents if we attempt to enforce them, and they are challenged, is uncertain.

Patents may not issue from any of the patent applications that we own or license. If patents do issue, the type and extent of patent claims issued to us may not be sufficient to protect our technology from exploitation by our competitors. Our patents also may not afford us protection against competitors with similar technology. Assuming the other requirements for patentability are met, currently, the first to file a patent application is generally entitled to the patent. Prior to March 16, 2013, in the U.S., patent applications were subject to a “first to invent” rule of law. Applications filed on or after March 16, 2013 (with the exception of certain applications claiming priority to applications filed prior to March 16, 2013, such as continuations and divisionals) are subject to new laws including a “first to file” rule of law. 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 filing, or in some cases not at all. Additionally, how the U.S. Patent & Trademark Office and U.S. courts will interpret the new laws remains significantly uncertain at this time. We cannot be certain that any existing or future application will be subject to the “first to file” or “first to invent” rule of law, that we were the first to make the inventions

claimed in our existing patents or pending patent applications subject to the prior laws, or that we were the first to file for patent protection of such inventions subject to the new laws.

We may not have rights under patents that may cover one or more of our drug candidates. Patents of others may overlap with our own patents regarding one or more of our drug candidates. In some cases, these patents may be owned or controlled by third-party competitors and may prevent or impair our ability to exploit our technology. As a result, we or our current or potential future collaborative partners may be required to obtain licenses under third-party patents to develop and commercialize some of our drug candidates. If we are unable to secure licenses to such patented technology on acceptable terms, we or our collaborative partners may not be able to develop and commercialize the affected drug candidate or candidates.

It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Moreover, in some circumstances, we do not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology or drugs that we license from third-parties and are reliant on our licensors. For example, while under our collaboration with ImmuNext we have the right to review and comment on patent filing, prosecution, maintenance and other patent matters, we do not control the patent process until we have exercised our option to obtain an exclusive license. If we do not control the filing, prosecution of certain patent rights, we cannot be certain that these patents and applications will be prosecuted and enforced in a manner consistent with the best interests of our business.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our owned and licensed patents may be challenged in courts or patent offices in the U.S. and abroad. Such challenges may result in loss of exclusivity or in patent claims being narrowed, invalidated or held unenforceable, which could limit our ability to stop others from using or commercializing similar or identical technology and drugs, or limit the duration of the patent protection of our technology and drugs. Given the amount of time required for the development, testing, and regulatory review of new drug candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing drugs similar or identical to ours.

We may become involved in expensive and unpredictable patent litigation or other contentious intellectual property proceedings, which could result in liability for damages or require us to cease our development and commercialization efforts.

There are substantial threats of litigation and other adversarial opposition proceedings regarding patent and other intellectual property rights in the pharmaceutical and life science industries. We may become a party to patent litigation or other proceedings regarding intellectual property rights.

Situations that may give rise to patent litigation or other disputes over the use of our intellectual property include:

- initiation of litigation or other proceedings against third-parties to enforce our patent rights, to seek to invalidate the patents held by third-parties or to obtain a judgment that our drug candidates do not infringe such third-parties' patents;
- participation in interference and/or derivation proceedings to determine the priority of invention if our competitors file U.S. patent applications that claim technology also claimed by us;
- initiation of opposition, reexamination, post grant review or inter partes review proceedings by third-parties that seek to limit or eliminate the scope of our patent protection;
- initiation of litigation by third-parties claiming that our processes or drug candidates or the intended use of our drug candidates infringes their patent or other intellectual property rights; and
- initiation of litigation by us or third-parties seeking to enforce contract rights relating to intellectual property that may be important to our business.

Any patent litigation or other proceeding, even if resolved favorably, will likely require us to incur substantial costs and be a distraction to management. Some of our competitors may be able to sustain the cost of such litigation or other proceedings more effectively than we can because of their substantially greater financial resources. In addition, our collaborators and licensors may have rights to file and prosecute claims of infringement of certain of our intellectual property, and we are reliant on them. If a patent litigation or other intellectual property proceeding is resolved unfavorably, we or any collaborative partners may be enjoined from manufacturing or selling our future drugs without a license from the other party and be held liable for significant damages. Moreover, we may not be able to obtain required licenses on commercially acceptable terms or any terms at all. In addition, we could be held liable for lost profits if we are found to have infringed a valid patent, or liable for treble damages if we are found to have willfully infringed a valid patent. Litigation results are highly unpredictable, and we or any

collaborative partner may not prevail in any patent litigation or other proceeding in which we may become involved. Any changes in, or unexpected interpretations of, the patent laws may adversely affect our ability to enforce our patent position. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could damage our ability to compete in the marketplace.

We face risks relating to the enforcement of our intellectual property rights in China and India that could adversely affect our business.

We have conducted chemical development work through contract research agreements with contract research organizations, or CROs, in China and India. We seek to protect our intellectual property rights under this arrangement through, among other things, non-disclosure and assignment of invention covenants. Enforcement of intellectual property rights and confidentiality protections in China may not be as effective as in the U.S. or other countries. Policing unauthorized use of proprietary technology is difficult and expensive, and we might need to resort to litigation to enforce or defend patents issued to us or to determine the enforceability, scope and validity of our proprietary rights or those of others. The experience and capabilities of Chinese courts in handling intellectual property litigation vary, and outcomes are unpredictable. Further, such litigation may require significant expenditure of cash and management efforts and could harm our business, financial condition and results of operations. An adverse determination in any such litigation will impair our intellectual property rights and may harm our business, prospects and reputation.

In addition, we collaborate with Aurigene, an Indian company, in the development of new therapeutic compounds. Some or all of the intellectual property arising from this collaboration may be developed by Aurigene's employees, consultants, and third-party contractors, and we have exercised our option right under the collaboration agreement to obtain exclusive licenses to Aurigene's rights in this intellectual property. Accordingly, our rights depend in part on Aurigene's contracts with its employees and contractors and Aurigene's ability to protect its trade secrets and other confidential information in India, both before and after we exercise our option to obtain exclusive license rights on a program-by-program basis. Enforcement of intellectual property rights and confidentiality protections in India may not be as effective as in the U.S. or other countries. Policing unauthorized use of proprietary technology is difficult and expensive, and we or Aurigene might need to resort to litigation to protect our trade secrets and confidential information. The experience and capabilities of Indian courts in handling intellectual property litigation vary, and outcomes are unpredictable. Further, such litigation may require significant expenditure of cash and management efforts and could harm our business, financial condition and results of operations. An adverse determination in any such litigation would impair our intellectual property rights and may harm our business, prospects and reputation.

If we are unable to keep our trade secrets confidential, our technology and proprietary information may be used by competitors.

We rely heavily on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. We seek to protect this information through confidentiality and intellectual property license or assignment provisions in agreements with our employees, consultants and other third-party contractors, including our contract research agreements with CROs in China and India, as well as through other security measures. Similarly, our agreements with Genentech, Aurigene and ImmuNext require each collaborator to enter into such agreements with its employees, consultants, and other third-party contractors. The confidentiality and intellectual property provisions of our agreements and security measures may be breached, and we or they may not have adequate remedies for any such breach. In addition, our trade secrets may otherwise become known or be independently developed by competitors.

We have agreements under which we license rights to technology from third-parties, and we could lose license rights to intellectual property that are important to our business under certain circumstances.

We are party to agreements that provide us licenses of intellectual property or sharing of rights to intellectual property that is important to our business, and we may enter into additional agreements in the future that provide us licenses to valuable technology. These licenses, including our agreements with Aurigene and ImmuNext, impose, and future licenses may impose, various commercialization, milestone and other obligations on us, including the obligation to terminate our use of licensed subject matter under certain contingencies. If a licensor becomes entitled to, and exercises, termination rights under a license, we would lose valuable rights and could lose our ability to develop our drugs. We may need to license other intellectual property to commercialize future drugs. Our business may suffer if any current or future licenses terminate, if the licensors fail to abide by the terms of the license or fail to prevent infringement by third-parties, if the licensed patents or other rights are found to be invalid, or if we are unable to enter into necessary licenses on acceptable terms. In addition, during the option period under our agreement with ImmuNext, we are obligated to assign to ImmuNext all rights to inventions made by Curis alone or jointly with ImmuNext in conducting clinical and non-clinical activities under the agreement during such period and any related patent rights. In the event we exercise our option under the agreement, such rights would be assigned to Curis, in the case of inventions made by Curis alone, or joint ownership to Curis and ImmuNext, in the case of inventions made jointly by

Curis and ImmuNext, upon the option exercise date. In the event we do not exercise our option under the agreement with ImmuNext, we will lose all rights to any inventions made by Curis alone or jointly with ImmuNext in conducting clinical and non-clinical activities under the agreement upon expiration of the option period.

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

As is common in the biotechnology and pharmaceutical industry, we employ individuals who were previously employed at other biotechnology or pharmaceutical companies, including our current and potential competitors. Although no claims against us are currently pending, we may be subject to claims that such employees, or as a result, we, have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

Risks Related to Regulatory Approval and Marketing of Our Product Candidates and Other Legal Compliance Matters

Even if we complete the necessary preclinical studies and clinical trials, the marketing approval process is expensive, time consuming and uncertain and may prevent us or any future collaborators from obtaining approvals for the commercialization of some or all of our product candidates. As a result, we cannot predict when or if, and in which territories, we, or any future collaborators, will obtain marketing approval to commercialize a product candidate.

The research, testing, manufacturing, labeling, approval, selling, marketing, promotion and distribution of products are subject to extensive regulation by the FDA and comparable foreign regulatory authorities. We, and any future collaborators, are not permitted to market our product candidates in the U.S. or in other countries until we, or they, receive approval of an NDA or BLA from the FDA or marketing approval from applicable regulatory authorities outside the U.S. Our product candidates are in various stages of development and are subject to the risks of failure inherent in drug development. We have not submitted an application for or received marketing approval for any of our product candidates in the United States or in any other jurisdiction. We have limited experience in conducting and managing the clinical trials necessary to obtain marketing approvals, including FDA approval of an NDA or a BLA.

The process of obtaining marketing approvals, both in the United States and abroad, is lengthy, expensive and uncertain. It may take many years, if approval is obtained at all, and can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved. Securing marketing approval requires the submission of extensive preclinical and clinical data and supporting information, including manufacturing information, to regulatory authorities for each therapeutic indication to establish the product candidate's safety and efficacy. The FDA or other regulatory authorities may determine that our product candidates are not safe and effective, only moderately effective or have undesirable or unintended side effects, toxicities or other characteristics that preclude our obtaining marketing approval or prevent or limit commercial use.

In addition, changes in marketing approval policies during the development period, changes in or the enactment or promulgation of additional statutes, regulations or guidance or changes in regulatory review for each submitted product application, may cause delays in the approval or rejection of an application. Regulatory authorities have substantial discretion in the approval process and varying interpretations of the data obtained from preclinical and clinical testing could delay, limit or prevent marketing approval of a product candidate. Any marketing approval we, or any future collaborators, ultimately obtain may be limited or subject to restrictions or post approval commitments that render the approved product not commercially viable.

Finally, disruptions at the FDA and other agencies may prolong the time necessary for new drugs to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough critical employees and stop critical activities. 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. The Trump Administration also took several executive actions that could impose significant burdens on, or otherwise materially delay, the FDA's ability to engage in routine regulatory and oversight activities.

Any delay in obtaining or failure to obtain required approvals could negatively affect our ability or that of any future collaborators to generate revenue from the particular product candidate, which likely would result in significant harm to our financial position and adversely impact our stock price.

Failure to obtain marketing approval in foreign jurisdictions would prevent our product candidates from being marketed abroad. Any approval we may be granted for our product candidates in the U.S. would not assure approval of our drug candidates in foreign jurisdictions and any of our product candidates that may be approved for marketing in a foreign jurisdiction will be subject to risk associated with foreign operations.

In order to market and sell our products in the European Union and other foreign jurisdictions, we, and any future collaborators, must obtain separate marketing approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval may differ substantially from that required to obtain FDA approval. The marketing approval process outside the United States generally includes all of the risks associated with obtaining FDA approval. In addition, in many countries outside the United States, a product must be approved for reimbursement before the product can be approved for sale in that country. We, and any future collaborators, may not obtain approvals from regulatory authorities outside the United States on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one regulatory authority outside the U.S. does not ensure approval by regulatory authorities in other countries or jurisdictions or by the FDA. We may file for marketing approvals but not receive the necessary approvals to commercialize our products in any market.

Additionally, we could face heightened risks with respect to seeking marketing approval in the United Kingdom as a result of the recent withdrawal of the United Kingdom from the European Union, commonly referred to as Brexit. Pursuant to the formal withdrawal arrangements agreed between the United Kingdom and the European Union, the United Kingdom withdrew from the European Union, effective December 31, 2020. On December 24, 2020, the United Kingdom and European Union entered into a Trade and Cooperation Agreement. The agreement sets out certain procedures for approval and recognition of medical products in each jurisdiction. Any delay in obtaining, or an inability to obtain, any marketing approvals, as a result of the Trade and Cooperation Agreement would prevent us from commercializing any product candidates in the United Kingdom and/or the European Union and restrict our ability to generate revenue and achieve and sustain profitability. If any of these outcomes occur, we may be forced to restrict or delay efforts to seek regulatory approval in the United Kingdom and/or European Union for any product candidates, which could significantly and materially harm our business.

In many countries outside the United States, a product candidate must also be approved for reimbursement before it can be sold in that country. In some cases, the price that we intend to charge for our products, if approved, is also subject to approval. Obtaining non-U.S. regulatory approvals and compliance with non-U.S. regulatory requirements could result in significant delays, difficulties and costs for us and any future collaborators and could delay or prevent the introduction of our product candidates in certain countries. In addition, if we or any future collaborators fail to obtain the non-U.S. approvals required to market our product candidates outside the United States or if we or any future collaborators fail to comply with applicable non-U.S. regulatory requirements, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed and our business, financial condition, results of operations and prospects may be adversely affected.

Additionally, we could face heightened risks with respect to seeking marketing approval in the United Kingdom as a result of the recent withdrawal of the United Kingdom from the European Union, commonly referred to as Brexit. Pursuant to the formal withdrawal arrangements agreed between the United Kingdom and the European Union, the United Kingdom withdrew from the European Union, effective December 31, 2020. On December 24, 2020, the United Kingdom and European Union entered into a Trade and Cooperation Agreement. The agreement sets out certain procedures for approval and recognition of medical products in each jurisdiction. Any delay in obtaining, or an inability to obtain, any marketing approvals, as a result of the Trade and Cooperation Agreement would prevent us from commercializing any product candidates in the United Kingdom and/or the European Union and restrict our ability to generate revenue and achieve and sustain profitability. If any of these outcomes occur, we may be forced to restrict or delay efforts to seek regulatory approval in the United Kingdom and/or European Union for any product candidates, which could significantly and materially harm our business.

We expect that we will be subject to additional risks in commercializing any of our product candidates that receive marketing approval outside the United States, including tariffs, trade barriers and regulatory requirements; economic weakness, including inflation, or political instability in particular foreign economies and markets; compliance with tax, employment, immigration and labor laws for employees living or traveling abroad; foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country; and workforce uncertainty in countries where labor unrest is more common than in the United States.

We, or any future collaborators, may not be able to obtain orphan drug designation or orphan drug exclusivity for our product candidates and, even if we do, that exclusivity may not prevent the FDA or the EMA from approving competing products.

Regulatory authorities in some jurisdictions, including the United States and Europe, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a drug as an orphan drug if it is

a product intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals annually in the United States.

Generally, a product with orphan drug designation only becomes entitled to orphan drug exclusivity if it receives the first marketing approval for the indication for which it has such designation, in which case the FDA or the EMA will be precluded from approving another marketing application for the same product for that indication for the applicable exclusivity period. The applicable exclusivity period is seven years in the United States and ten years in Europe. The European exclusivity period can be reduced to six years if a product no longer meets the criteria for orphan drug designation or if the product is sufficiently profitable so that market exclusivity is no longer justified.

We or any future collaborators may seek orphan drug designations for our product candidates and may be unable to obtain such designations. Even if we do secure such designations and orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because different products can be approved for the same condition. Further, the FDA can subsequently approve the same drug for the same condition if the FDA concludes that the later product is clinically superior in that it is shown to be safer, to be more effective or to make a major contribution to patient care. Finally, orphan drug exclusivity may be lost if the FDA or the EMA determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the product to meet the needs of patients with the rare disease or condition.

Any product candidate for which we or our collaborators obtain marketing approval is subject to ongoing regulation and could be subject to restrictions or withdrawal from the market, and we may be subject to substantial penalties if we fail to comply with regulatory requirements, when and if any of our product candidates are approved.

Any product candidate for which we or our collaborators obtain marketing approval will be subject to continual requirements of and review by the FDA and other regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration and listing requirements, cGMP requirements relating to quality control and manufacturing, quality assurance and corresponding maintenance of records and documents, and requirements regarding the distribution of samples to physicians and recordkeeping. In addition, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the medicine, including the requirement to implement a risk evaluation and mitigation strategy. Accordingly, if we receive marketing approval for one or more of our product candidates, we will continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production, product surveillance and quality control. If we fail to comply with these requirements, we could have the marketing approvals for our products withdrawn by regulatory authorities and our ability to market any products could be limited, which could adversely affect our ability to achieve or sustain profitability.

We and our collaborators must also comply with requirements concerning advertising and promotion for any of our product candidates for which we obtain marketing approval. Promotional communications with respect to prescription products are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved labeling. Thus, we will not be able to promote any products we develop for indications or uses for which they are not approved. The FDA and other agencies, including the Department of Justice, or the DOJ, closely regulate and monitor the post-approval marketing and promotion of products to ensure that they are marketed and distributed only for the approved indications and in accordance with the provisions of the approved labeling. Violations of the Federal Food, Drug, and Cosmetic Act and other statutes, including the False Claims Act, relating to the promotion and advertising of prescription products may lead to investigations and enforcement actions alleging violations of federal and state health care fraud and abuse laws, as well as state consumer protection laws.

Failure to comply with regulatory requirements, may yield various results, including:

- restrictions on such products, manufacturers or manufacturing processes;
- restrictions on the labeling or marketing of a product;
- restrictions on distribution or use of a product;
- requirements to conduct post-marketing studies or clinical trials;
- warning letters or untitled letters;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recall of products;

- damage to relationships with collaborators;
- unfavorable press coverage and damage to our reputation;
- fines, restitution or disgorgement of profits or revenues;
- suspension or withdrawal of marketing approvals;
- refusal to permit the import or export of our products;
- product seizure;
- injunctions or the imposition of civil or criminal penalties; and
- litigation involving patients using our products.

Non-compliance with EU requirements regarding safety monitoring or pharmacovigilance, and with requirements related to the development of products for the pediatric population, can also result in significant financial penalties. Similarly, failure to comply with the EU's requirements regarding the protection of personal information can also lead to significant penalties and sanctions.

We may seek certain designations for our product candidates, including Breakthrough Therapy and Fast Track designations, but we might not receive such designations, and even if we do, such designations may not lead to a faster development or regulatory review or approval process.

We may seek certain designations for one or more of our product candidates that could expedite review and approval by the FDA. A Breakthrough Therapy product is defined as a product that is intended, alone or in combination with one or more other products, to treat a serious condition, and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For product candidates that have been designated as Breakthrough Therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Products designated as Breakthrough Therapies by the FDA may also be eligible for priority review if supported by clinical data at the time the NDA is submitted to the FDA.

The FDA may also designate a product for Fast Track review if it is intended, whether alone or in combination with one or more other products, for the treatment of a serious or life-threatening disease or condition, and it demonstrates the potential to address unmet medical needs for such a disease or condition. For Fast Track products, sponsors may have greater interactions with the FDA and the FDA may initiate review of sections of a Fast Track product's application before the application is complete. This rolling review may be available if the FDA determines, after preliminary evaluation of clinical data submitted by the sponsor, that a Fast Track product may be effective. The sponsor must also provide, and the FDA must approve, a schedule for the submission of the remaining information and the sponsor must pay applicable user fees.

Designation as a Breakthrough Therapy or Fast Track is within the discretion of the FDA. Accordingly, even if we believe that one of our product candidates meets the criteria for these designations, the FDA may disagree and instead determine not to make such designation. Further, even if we receive Breakthrough Therapy or Fast Track designation, the receipt of such designation for a product candidate may not result in a faster development or regulatory review or approval process compared to products considered for approval under conventional FDA procedures and does not assure ultimate approval by the FDA. In addition, even if one or more of our product candidates qualifies for one of these designations, the FDA may later decide that the product candidates no longer meet the conditions for qualification or decide that the time period for FDA review or approval will not be shortened.

If we are required by the FDA to obtain clearance or approval of a companion diagnostic in connection with approval of a candidate therapeutic product, and we do not obtain or there are delays in obtaining FDA clearance or approval of a diagnostic device, we will not be able to commercialize the product candidate and our ability to generate revenue will be materially impaired.

In August 2014, the FDA issued final guidance clarifying the requirements that will apply to approval of therapeutic products and *in vitro* companion diagnostics. According to the guidance, if the FDA determines that a companion diagnostic device is essential to the safe and effective use of a novel therapeutic product or indication, the FDA generally will not approve the therapeutic product or new therapeutic product indication if the companion diagnostic is not also approved or cleared for that indication. Under the Federal Food, Drug, and Cosmetic Act, or FDCA, companion diagnostics are regulated as medical devices and the FDA has generally required companion diagnostics intended to select the patients who will respond to cancer

treatment to obtain premarket approval, or a PMA. Consequently, we anticipate that certain of our companion diagnostics may require us or our collaborators to obtain a PMA.

The PMA process, including the gathering of clinical and preclinical data and the submission to and review by the FDA, involves a rigorous premarket review during which the applicant must prepare and provide the FDA with reasonable assurance of the device's safety and effectiveness and information about the device and its components regarding, among other things, device design, manufacturing and labeling. PMA approval is not guaranteed and may take considerable time, and the FDA may ultimately respond to a PMA submission with a not approvable determination based on deficiencies in the application and require additional clinical trial or other data that may be expensive and time-consuming to generate and that can substantially delay approval. As a result, if we or our collaborators are required by the FDA to obtain approval of a companion diagnostic for a candidate therapeutic product, and we or our collaborators do not obtain or there are delays in obtaining FDA approval of a diagnostic device, we will not be able to commercialize the product candidate and our ability to generate revenue will be materially impaired.

In its August 2014 guidance, the FDA also indicated that companion diagnostics used to make treatment decisions in clinical trials of a therapeutic product generally will be considered investigational devices. When a companion diagnostic is used to make critical treatment decisions, such as patient selection, the FDA stated that the diagnostic will be considered a significant risk device requiring an investigational device exemption. The FDA may find that a companion diagnostic that we, alone or with a third party, plan to develop does not comply with those requirements and, if this were to occur, we would not be able to proceed with our planned trial of the applicable product candidate in these patient populations.

Current and future legislation may increase the difficulty and cost for us and any future collaborators to obtain reimbursement for any of our product candidates that do receive marketing approval and our ability to generate revenue will be materially impaired.

In the United States and foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell any product candidates for which we obtain marketing approval. We expect that current laws, 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, or any collaborators, may receive for any approved products.

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, or collectively the ACA. In addition, other legislative changes have been proposed and adopted since the ACA was enacted. In August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation’s automatic reduction to several government programs. These changes included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, which went into effect in April 2013 and will remain in effect through 2030 under the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act. The American Taxpayer Relief Act of 2012, among other things, reduced Medicare payments to several providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These laws may result in additional reductions in Medicare and other healthcare funding and otherwise affect the prices we may obtain for any of our product candidates for which we may obtain regulatory approval or the frequency with which any such product candidate is prescribed or used.

Since enactment of the ACA, there have been, and continue to be, numerous legal challenges and Congressional actions to repeal and replace provisions of the law. For example, with enactment of the Tax Cuts and Jobs Act of 2017, which was signed by President Trump on December 22, 2017, Congress repealed the “individual mandate.” The repeal of this provision, which requires most Americans to carry a minimal level of health insurance, became effective in 2019. Further, on December 14, 2018, a U.S. District Court judge in the Northern District of Texas ruled that the individual mandate portion of the ACA is an essential and inseverable feature of the ACA, and therefore because the mandate was repealed as part of the Tax Cuts and Jobs Act, the remaining provisions of the ACA are invalid as well. On December 18, 2019, the Court of Appeals for the Fifth Circuit court affirmed the lower court’s ruling that the individual mandate portion of the ACA is unconstitutional and it remanded the case to the district court for reconsideration of the severability question and additional analysis of the provisions of the ACA. Thereafter, the U.S. Supreme Court agreed to hear this case. Oral argument in the case took place on November 10, 2020, and a ruling by the Court is expected sometime this year. Litigation and legislation over the ACA are likely to continue, with unpredictable and uncertain results.

The Trump Administration also took executive actions to undermine or delay implementation of the ACA, including directing federal agencies with authorities and responsibilities under the ACA to waive, defer, grant exemptions from, or delay

the implementation of any provision of the ACA that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. On January 28, 2021, however, President Biden issued a new Executive Order which directs federal agencies to reconsider rules and other policies that limit Americans' access to health care, and consider actions that will protect and strengthen that access. Under this Order, federal agencies are directed to re-examine: policies that undermine protections for people with pre-existing conditions, including complications related to COVID-19; demonstrations and waivers under Medicaid and the ACA that may reduce coverage or undermine the programs, including work requirements; policies that undermine the Health Insurance Marketplace or other markets for health insurance; policies that make it more difficult to enroll in Medicaid and the ACA; and policies that reduce affordability of coverage or financial assistance, including for dependents.

If reimbursement of our products is unavailable or limited in scope, our business could be materially harmed.

The costs of prescription pharmaceuticals have also been the subject of considerable discussion in the United States. To date, there have been several recent U.S. congressional inquiries, as well as proposed and enacted state and federal legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, reduce the costs of drugs under Medicare and reform government program reimbursement methodologies for drug products. To those ends, President Trump issued five executive orders intended to lower the costs of prescription drug products but it is unclear whether, and to what extent, these orders will remain in force under the Biden Administration. Further, on September 24, 2020, the Trump Administration finalized a rulemaking allowing states or certain other non-federal government entities to submit importation program proposals to the FDA for review and approval. Applicants are required to demonstrate that their importation plans pose no additional risk to public health and safety and will result in significant cost savings for consumers. The FDA has issued draft guidance that would allow manufacturers to import their own FDA-approved drugs that are authorized for sale in other countries (multi-market approved products).

At the state level, legislatures are increasingly passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In addition, regional health care authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other health care programs. These measures could reduce the ultimate demand for our products, once approved, or put pressure on our product pricing. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our product candidates or additional pricing pressures.

Finally, outside the United States, in some nations, including those in the EU, the pricing of prescription pharmaceuticals is subject to governmental control and access. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we, or our collaborators, may be required to conduct a clinical trial that compares the cost-effectiveness of our product to other available therapies. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be materially harmed.

We may be subject to certain healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm, fines, disgorgement, exclusion from participation in government healthcare programs, curtailment or restricting of our operations, and diminished profits and future earnings.

Healthcare providers, third-party payors and others will play a primary role in the recommendation and prescription of any product for which we obtain marketing approval. Our future arrangements with healthcare providers and third-party payors will expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute any product for which we obtain marketing approval. Potentially applicable U.S. federal and state healthcare laws and regulations include the following:

Anti-Kickback Statute. The federal Anti-Kickback Statute prohibits, among other things, persons and entities from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward 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 healthcare programs such as Medicare and Medicaid;

False Claims Laws. The federal false claims laws, including the civil False Claims Act, impose criminal and civil penalties, including those from civil whistleblower or *qui tam* actions against individuals or entities for knowingly presenting, or causing to be presented to the federal government 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;

HIPAA. The federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, imposes criminal and civil liability for executing or attempting to execute a scheme to defraud any healthcare benefit program;

HIPAA and HITECH. HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or the HITECH Act, also imposes obligations on certain types of individuals and entities, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;

False Statements Statute. The federal false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services;

Transparency Requirements. The federal Physician Payments Sunshine Act requires certain manufacturers of 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 U.S. Department of Health and Human Services information related to physician payments and other transfers of value and physician ownership and investment interests; and

Analogous State and Foreign Laws. Analogous state laws and regulations, such as state anti-kickback and false claims laws, and transparency laws, may apply to sales or marketing arrangements, and claims involving healthcare items or services reimbursed by non-governmental third party payors, including private insurers, and some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, in addition to requiring drug manufacturers to report information related to payments to physicians and other healthcare providers or marketing expenditures. Many state laws also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts. Foreign laws also govern the privacy and security of health information in many circumstances.

Efforts to ensure that our business arrangements with third parties, and our business generally, will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law 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, damages, fines, imprisonment, exclusion of products from government funded healthcare programs, such as Medicare and Medicaid, disgorgement, contractual damages, and reputational harm, any of which could substantially disrupt our operations. If any of the physicians or other providers or entities with whom we expect to do business is found not to be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

Compliance with global privacy and data security requirements could result in additional costs and liabilities to us or inhibit our ability to collect and process data globally, and the failure to comply with such requirements could subject us to significant fines and penalties, which may have a material adverse effect on our business, financial condition or results of operations.

The regulatory framework for the collection, use, safeguarding, sharing, transfer and other processing of information worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Globally, virtually every jurisdiction in which we operate has established its own data security and privacy frameworks with which we must comply. For example, the collection, use, disclosure, transfer, or other processing of personal data regarding individuals in the European Union, including personal health data, is subject to the EU General Data Protection Regulation, or the GDPR, which took effect across all member states of the European Economic Area, or EEA, in May 2018. The GDPR is wide-ranging in scope and imposes numerous requirements on companies that process personal data, including strict rules on the transfer of personal data to countries outside the European Union, including the United States.

As a result, there is increased scrutiny on the extent to which clinical trial sites located in the EEA should apply the GPDR to transfers of personal data from such sites to countries that are considered to lack an adequate level of data protection, such as the United States. The GDPR also permits data protection authorities to require destruction of improperly gathered or used personal information and/or impose substantial fines for violations of the GDPR, which can be up to four percent of global revenues or 20 million Euros, whichever is greater, and it also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR. In addition, the GDPR provides that European Union member states may make their own further laws and regulations limiting the processing of personal data, including genetic, biometric or health data.

Similar actions are either in place or under way in the United States. There are a broad variety of data protection laws that are applicable to our activities, and a wide range of enforcement agencies at both the state and federal levels that can review companies for privacy and data security concerns based on general consumer protection laws. The Federal Trade Commission and state Attorneys General all are aggressive in reviewing privacy and data security protections for consumers. New laws also are being considered at both the state and federal levels. For example, the California Consumer Privacy Act—which went into effect on January 1, 2020—is creating similar risks and obligations as those created by GDPR, though the Act does exempt certain information collected as part of a clinical trial subject to the Federal Policy for the Protection of Human Subjects (the Common Rule). Many other states are considering similar legislation. A broad range of legislative measures also have been introduced at the federal level. Accordingly, failure to comply with federal and state laws (both those currently in effect and future legislation) regarding privacy and security of personal information could expose us to fines and penalties under such laws. There also is the threat of consumer class actions related to these laws and the overall protection of personal data. Even if we are not determined to have violated these laws, government investigations into these issues typically require the expenditure of significant resources and generate negative publicity, which could harm our reputation and our business.

Given the breadth and depth of changes in data protection obligations, preparing for and complying with such requirements is rigorous and time intensive and requires significant resources and a review of our technologies, systems and practices, as well as those of any third-party collaborators, service providers, contractors or consultants that process or transfer personal data collected in the European Union. The GDPR and other changes in laws or regulations associated with the enhanced protection of certain types of sensitive data, such as healthcare data or other personal information from our clinical trials, could require us to change our business practices and put in place additional compliance mechanisms, may interrupt or delay our development, regulatory and commercialization activities and increase our cost of doing business, and could lead to government enforcement actions, private litigation and significant fines and penalties against us and could have a material adverse effect on our business, financial condition or results of operations.

We are subject to U.S. and foreign anti-corruption and anti-money laundering laws with respect to our operations and non-compliance with such laws can subject us to criminal and/or civil liability and harm our business.

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, and other state and national anti-bribery and anti-money laundering laws in countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, third-party intermediaries, joint venture partners and collaborators from authorizing, promising, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. We may have direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities, and other organizations. In addition, we may engage third party intermediaries to promote our clinical research activities abroad and/or to obtain necessary permits, licenses, and other regulatory approvals. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize or have actual knowledge of such activities.

We have adopted a Code of Business Conduct and Ethics that mandates compliance with the FCPA and other anti-corruption laws applicable to our business throughout the world. We cannot assure you, however, that our employees and third party intermediaries will comply with this code or such anti-corruption laws. Noncompliance with anti-corruption and anti-money laundering laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with certain persons, the loss of export privileges, reputational harm, adverse media coverage, and other collateral consequences. If any subpoenas, investigations, or other enforcement actions are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations and financial condition could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management's attention and resources and significant defense and compliance costs and other professional fees. In certain cases, enforcement authorities may even cause us to appoint an independent compliance monitor which can result in added costs and administrative burdens.

We are subject to governmental export and import controls that could impair our ability to compete in international markets due to licensing requirements and subject us to liability if we are not in compliance with applicable laws.

Our products and solutions are subject to export control and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls. Exports of our products and solutions outside of the United States must be made in compliance with these laws and regulations. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to substantial civil or criminal penalties, including the possible loss of export or

import privileges, fines, which may be imposed on us and responsible employees or managers, and, in extreme cases, the incarceration of responsible employees or managers.

In addition, changes in our products or solutions or changes in applicable export or import laws and regulations may create delays in the introduction, provision, or sale of our products and solutions in international markets, prevent customers from using our products and solutions or, in some cases, prevent the export or import of our drugs and solutions to certain countries, governments or persons altogether. Any limitation on our ability to export, provide, or sell our products and solutions could adversely affect our business, financial condition and results of operations.

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. From time to time and in the future, our operations may involve the use of hazardous and flammable materials, including chemicals and biological materials, and may also produce hazardous waste products. Even if we contract with third parties for the disposal of these materials and waste products, we cannot completely eliminate the risk of contamination or injury resulting from these materials. In the event of contamination or injury resulting from the use or disposal of our 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.

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

Our employees may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which could cause significant liability for us and harm our reputation.

We are exposed to the risk of employee fraud or other misconduct, including intentional failures to comply with FDA regulations or similar regulations of comparable foreign regulatory authorities, provide accurate information to the FDA or comparable foreign regulatory authorities, comply with manufacturing standards we have established, comply with federal and state healthcare fraud and abuse laws and regulations and similar laws and regulations established and enforced by comparable foreign regulatory authorities, report financial information or data accurately or disclose unauthorized activities to us. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws, standards 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 sanctions.

Our internal computer systems, or those of any collaborators or contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of our product development programs.

Despite the implementation of security measures and certain data recovery measures, our internal computer systems and those of our current and any future collaborators and other contractors or consultants are vulnerable to damage from cyber-attacks, computer viruses, unauthorized access, sabotage, natural disasters, terrorism, war and telecommunication and electrical failures. We may experience security breaches of our information technology systems. Any system failure, accident or security breach that causes interruptions in our operations, for us or those third parties with which we contract, could result in a material disruption of our product development programs and our business operations, whether due to a loss of our trade secrets or other proprietary information or other similar disruptions, in addition to possibly requiring substantial expenditures of resources to remedy. For example, the loss of clinical trial data from an ongoing, completed or future clinical trial 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 results in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we may incur liabilities, our competitive position could be harmed and the further

development and commercialization of our product candidates may be delayed. In addition, we may not have adequate insurance coverage to provide compensation for any losses associated with such events.

We could be subject to risks caused by misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in the information systems and networks of our company, including personal information of our employees. In addition, outside parties have attempted, and may in the future attempt, to penetrate our systems or those of our vendors or fraudulently induce our employees or employees of our vendors to disclose sensitive information to gain access to our data. Like other companies, we may experience threats to our data and systems, including malicious codes and viruses, and other cyber-attacks. The number and complexity of these threats continue to increase over time. If a material breach of our security or that of our vendors occurs, the market perception of the effectiveness of our security measures could be harmed, we could lose business and our reputation and credibility could be damaged. We could be required to expend significant amounts of money and other resources to repair or replace information systems or networks. Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, the development and maintenance of these systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely.

RISKS RELATING TO OUR COMMON STOCK

If we fail to meet the requirements for continued listing on the Nasdaq Global Market, our common stock could be delisted from trading, which would decrease the liquidity of our common stock and our ability to raise additional capital.

Our common stock is currently listed on the Nasdaq Global Market. We are required to meet specified requirements to maintain our listing on the Nasdaq Global Market, including a minimum market value of listed securities of $50.0 million, a minimum bid price of $1.00 per share for our common stock, and other continued listing requirements. In the past we have, from time to time, received deficiency letters from Nasdaq as a consequence of our failure to satisfy such requirements. Although we have been able to regain compliance with the listing requirements within the manner and time periods prescribed by Nasdaq in the past, there can be no assurance that we will be able to maintain compliance with the Nasdaq continued listing requirements in the future or regain compliance with respect to any future deficiencies. If we fail to satisfy the Nasdaq Global Market's continued listing requirements, we may transfer to the Nasdaq Capital Market, which generally has lower financial requirements for initial listing, to avoid delisting, or, if we fail to meet its listing requirements, the OTC Bulletin Board. However, we may not be able to satisfy the initial listing requirements for the Nasdaq Capital Market. A transfer of our listing to the Nasdaq Capital Market or having our common stock trade on the OTC Bulletin Board could adversely affect the liquidity of our common stock. Any such event could make it more difficult to dispose of, or obtain accurate quotations for the price of, our common stock, and there also would likely be a reduction in our coverage by securities analysts and the news media, which could cause the price of our common stock to decline further. We may also face other material adverse consequences in such event, such as negative publicity, a decreased ability to obtain additional financing, diminished investor and/or employee confidence, and the loss of business development opportunities, some or all of which may contribute to a further decline in our stock price.

Our stock price has and may continue to fluctuate significantly and the market price of our common stock could drop below the price paid by our investors.

The trading price of our common stock has been volatile and is likely to continue to be volatile in the future. For example, our stock traded within a range of a high price of $16.65 and a low price of $0.62 per share for the period January 1, 2017 through March 12, 2021. The daily closing market price for our common stock has varied between a high price of $12.80 on January 15, 2021 and a low price of $0.63 on April 8, 2020 in the twelve-month period ending on March 12, 2021. During this time, the price per ordinary share has ranged from an intra-day low of $0.62 per share to an intra-day high of $13.44 per share. The stock market, particularly in recent years, has experienced significant volatility with respect to pharmaceutical and biotechnology company stocks. Prices for our stock will be determined in the marketplace and may be influenced by many factors, including:

- the timing and result of clinical trials of our drug candidates;
- the success of, and announcements regarding, existing and new technologies and/or drug candidates by us or our competitors;
- regulatory actions with respect to our product candidates or our competitors' products and product candidates;
- market conditions in the biotechnology and pharmaceutical sectors;

- rumors relating to us or our collaborators or competitors;
- commencement or termination of collaborations for our development programs;
- litigation or public concern about the safety of our drug candidates;
- actual or anticipated variations in our quarterly operating results and any subsequent restatement of such results;
- the amount and timing of any royalty revenue we receive from Genentech related to Erivedge;
- actual or anticipated changes to our research and development plans;
- deviations in our operating results from the estimates of securities analysts or the failure by one or more securities analysts to continue to cover our stock;
- entering into new collaboration agreements or termination of existing collaboration agreements;
- adverse results or delays in clinical trials being conducted by us or any collaborators;
- any intellectual property disputes or other lawsuits involving us;
- third-party sales of large blocks of our common stock;
- sales of our common stock by our executive officers, directors or significant stockholders;
- equity sales by us of our common stock to fund our operations;
- the loss of any of our key scientific or management personnel;
- FDA or international regulatory actions;
- limited trading volume in our common stock;
- general economic and market conditions, including adverse changes in the domestic and international financial markets;
- the impacts of the COVID-19 pandemic; and
- the other factors described in this "Risk Factors" section.

While we cannot predict the individual effect that these factors may have on the price of our common stock, these factors, either individually or in the aggregate, could result in significant variations in price during any given period of time.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources.

Fluctuations in our quarterly and annual operating results could adversely affect the price of our common stock which could result in substantial losses for purchasers of our common stock.

Our quarterly and annual operating results may fluctuate significantly. Some of the factors that may cause our operating results to fluctuate on a period-to-period basis include:

- payments we may be required to make to collaborators such as Aurigene and ImmuNext to exercise license rights and satisfy milestones and royalty obligations;
- the status of, and level of expenses incurred in connection with, our programs;
- fluctuations in sales of Erivedge and related royalty and milestone payments;
- costs and expenses relating to the impact of the COVID-19 pandemic on our development programs, ongoing clinical trial activities and operations;
- any intellectual property infringement lawsuit or other litigation in which we may become involved;
- the implementation of restructuring and cost-savings strategies;
- the occurrence of an event of default under the Oberland Purchase Agreement;
- the implementation or termination of collaboration, licensing, manufacturing or other material agreements with third-parties, and non-recurring revenue or expenses under any such agreement;
- compliance with regulatory requirements; and
- general conditions in the global economy and financial markets.

If any of the foregoing matters were to occur, or if our operating results fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially, which could result in substantial losses for purchasers of our common stock. In addition, we currently have no drug revenues and depend entirely on funds raised through other sources, such as funding through debt and/or equity offerings. Our ability to raise funds in this manner depends upon, among other things, our stock price.

We and our collaborators may not achieve projected research, development, commercialization and marketing goals in the time frames that we or they announce, which could have an adverse impact on our business and could cause our stock price to decline.

We set goals for, and make public statements regarding, the timing of certain accomplishments, such as the commencement and completion of preclinical studies, and clinical trials, and other developments and milestones relating to our business and our collaboration agreements. Our collaborators may also make public statements regarding their goals and expectations for their collaborations with us. The actual timing of any such events can vary dramatically due to a number of factors including delays or failures in our and our current and potential future collaborators' preclinical studies or clinical trials, the amount of time, effort and resources committed to our programs by all parties, and the inherent uncertainties in the regulatory approval and commercialization process. As a result:

- our or our collaborators' preclinical studies and clinical trials may not advance or be completed in the time frames we or they announce or expect;
- we or our collaborators may not make regulatory submissions, receive regulatory approvals or commercialize approved drugs as predicted; and
- we or our collaborators may not be able to adhere to our or their current schedule for the achievement of key milestones under any programs.

If we or any collaborators fail to achieve research, development and commercialization goals as planned, our business could be materially adversely affected and the price of our common stock could decline.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

Under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, if a company undergoes an "ownership change," generally defined as a greater than 50% change (by value) in its equity ownership by certain stockholders over a three-year period, the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes (such as research tax credits) to offset its post change taxable income or taxes may be limited. Changes in our stock ownership, some such changes being out of our control, may have resulted or could in the future result in an ownership change. If such an ownership change occurred or occurs in the future, utilization of a portion of our net operating loss and tax credit carryforwards could be limited in future periods and a portion of the carryforwards could expire before being available to reduce future income tax liabilities.

There is also a risk that due to regulatory changes, such as suspensions on the use of net operating losses, or other unforeseen reasons, our existing net operating losses could expire or otherwise become unavailable to offset future income tax liabilities. As described below in "Changes in tax laws or in their implementation or interpretation may adversely affect our business and financial condition," the Tax Cuts and Jobs Act, or the TCJA, as amended by the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, includes changes to U.S. federal tax rates and the rules governing net operating loss carryforwards that may significantly impact our ability to utilize our net operating losses to offset taxable income in the future. In addition, state net operating losses generated in one state cannot be used to offset income generated in another state. For these reasons, even if we attain profitability, we may be unable to use a material portion of our net operating losses and other tax attributes.

Our effective tax rate may fluctuate, and we may incur obligations in tax jurisdictions in excess of accrued amounts.

We are subject to taxation in numerous U.S. states and territories. As a result, our effective tax rate is derived from a combination of applicable tax rates in the various places that we operate. In preparing our financial statements, we estimate the amount of tax that will become payable in each of such places. Nevertheless, our effective tax rate may be different than experienced in the past due to numerous factors, including as a result of applying the provisions of the TCJA, (as such provisions may be elaborated on or further developed in guidance, regulations and technical corrections pertaining to the TCJA), changes in the mix of our profitability from state to state, the results of examinations and audits of our tax filings, our inability to secure or sustain acceptable agreements with tax authorities, changes in accounting for income taxes and changes in tax laws, as more fully described below in "Changes in tax laws or in their implementation or interpretation may adversely

affect our business and financial condition." Any of these factors could cause us to experience an effective tax rate significantly different from previous periods or our current expectations and may result in tax obligations in excess of amounts accrued in our financial statements.

Changes in tax laws or in their implementation or interpretation may adversely affect our business and financial condition.

Recent changes in tax law may adversely affect our business or financial condition. On December 22, 2017, the U.S. government enacted the TCJA, which significantly reformed the Code. The TCJA, among other things, contained significant changes to corporate taxation, including limitation of the deduction for net operating losses to 80% of current year taxable income and elimination of net operating loss carrybacks, in each case, for losses arising in taxable years beginning after December 31, 2017 (though any such net operating losses may be carried forward indefinitely).

As part of Congress' response to the COVID-19 pandemic, the Families First Coronavirus Response Act, or FFCR Act, was enacted on March 18, 2020, the CARES Act was enacted on March 27, 2020, and COVID relief provisions were included in the Consolidated Appropriations Act, 2021, or CAA, which was enacted on December 27, 2020. All contain numerous tax provisions. In particular, the CARES Act retroactively and temporarily (for taxable years beginning before January 1, 2021) suspends application of the 80%-of-income limitation on the use of net operating losses, which was enacted as part of the TCJA. It also provides that net operating losses arising in any taxable year beginning after December 31, 2017, and before January 1, 2021 are generally eligible to be carried back up to five years.

Regulatory guidance under the TCJA, the FFCR Act the CARES Act and the CAA is and continues to be forthcoming, and such guidance could ultimately increase or lessen the impact of these laws on our business and financial condition. It is also possible that Congress will enact additional legislation in connection with the COVID-19 pandemic, and as a result of the changes in the U.S. presidential administration and control of the U.S. Senate, additional tax legislation may also be enacted; any such additional legislation could have an impact on us. In addition, it is uncertain if and to what extent various states will conform to the TCJA, the FFCR Act, the CARES Act or the CAA.

Future sales of shares of our common stock, including by us, employees and large stockholders, including pursuant to our common stock purchase agreement with Aspire Capital and sales agreement with Cantor and JonesTrading could result in dilution to our stockholders and negatively affect our stock price.

Most of our outstanding common stock can be traded without restriction at any time. As such, sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell such shares, could reduce the market price of our common stock.

As of March 12, 2021, Aurigene beneficially owned approximately 6.0% of our outstanding common stock. Subject to certain restrictions, Aurigene is able to sell its common shares in the public market from time to time without registering them, subject to certain limitations on the timing, amount and method of those sales imposed by Rule 144 under the Securities Act of 1933, as amended. Pursuant to our registration rights agreement with Aurigene, Aurigene has the right, subject to certain conditions and with certain exceptions, to require us to file registration statements covering the common shares it owns or to include those common shares in registration statements that we may file. Following their registration and sale under the applicable registration statement, those shares would become freely tradable. By exercising its registration rights and selling a large number of shares common stock, Aurigene could cause the price of our common stock to decline. In addition, the perception in the public markets that sales by Aurigene might occur could also adversely affect the market price of our common stock.

We have a significant number of shares that are subject to outstanding options and in the future, we may issue additional options, warrants or other derivative securities convertible into our common stock. The exercise of any such options, warrants or other derivative securities, and the subsequent sale of the underlying common stock, could cause a further decline in our stock price and could dilute our stockholders. These sales also might make it difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

In addition, pursuant to our purchase agreement with Aspire Capital, Aspire Capital is committed to purchase up to an aggregate of $30.0 million of shares of our common stock over the 30-month term of the purchase agreement upon the terms and subject to the conditions and limitations set forth in the purchase agreement, of which $21.6 million remains unsold. In addition, we issued 646,551 shares of our common stock to Aspire Capital as a commitment fee in connection with entering into the purchase agreement. Pursuant to the terms of the purchase agreement, we have registered for sale the shares we have already issued to Aspire Capital and the additional shares that we may in the future sell to Aspire Capital. We also entered into a registration rights agreement with Aspire Capital in connection with entering into the agreement setting forth our obligation to

maintain an effective registration statement covering any shares of common stock sold or to be sold to Aspire Capital, subject to the terms of the registration rights agreement.

Sales of shares of our common stock to Aspire Capital pursuant to our purchase agreement with Aspire Capital may result in dilution to the interests of other holders of our common stock. In addition, Aspire Capital may sell all, some or none of our shares that it holds or may come to hold under the purchase agreement. The sale of shares of our common stock by us to Aspire Capital or by Aspire Capital into the market, or anticipation of such sales, could cause the trading price of our common stock to decline or make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise desire.

In addition, we may offer and sell up to $100.0 million shares of common stock registered under our universal shelf registration statement on Form S-3 pursuant to our sales agreement with Cantor and JonesTrading, in one or more "at the market" offerings. To date, we have not made any sales of common stock pursuant to the sales agreement. The extent to which we utilize the sales agreement with Cantor and JonesTrading as a source of funding will depend on a number of factors, including the prevailing market price of our common stock, general market conditions and other restrictions and the extent to which we are able to secure funds from other sources.

In addition, sales of substantial amounts of shares of our common stock or other securities by us or our employees and other stockholders could dilute our stockholders, lower the market price of our common stock and impair our ability to raise capital through the sale of equity or equity-related securities.

If we are not able to maintain effective internal controls under Section 404 of the Sarbanes-Oxley Act, our business and stock price could be adversely affected.

Section 404 of the Sarbanes-Oxley Act of 2002 requires us, on an annual basis, to review and evaluate our internal controls, and requires our independent registered accounting firm to attest to the effectiveness of our internal controls. Any failure by us to maintain the effectiveness of our internal controls in accordance with the requirements of Section 404 of the Sarbanes-Oxley Act, as such requirements exist today or may be modified, supplemented or amended in the future, could have a material adverse effect on our business, operating results and stock price.

We do not intend to pay dividends on our common stock, and any return to investors will come, if at all, only from potential increases in the price of our common stock.

We have never declared nor paid cash dividends on our common stock. We currently plan to retain all of our future earnings, if any, to finance the operation, development and growth of our business. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

Insiders have substantial influence over us and could cause us to take actions that may not be, or refrain from taking actions that may be, in our best interest or in the best interest of our stockholders.

As of March 12, 2021, we believe that our directors, executive officers and principal stockholders, together with their affiliates, owned, in the aggregate, approximately 6.2% of our outstanding common stock including approximately 6.0% of our outstanding common stock owned by Aurigene. As a result, if these stockholders were to choose to act together, they may be able to affect the outcome of matters submitted to our stockholders for approval, as well as our management and affairs, such as:

- the composition of our board of directors;
- the adoption of amendments to our certificate of incorporation and bylaws;
- the approval of mergers or sales of substantially all of our assets;
- our capital structure and financing; and
- the approval of contracts between us and these stockholders or their affiliates, which could involve conflicts of interest.

This concentration of ownership could harm the market price of our common stock by:

- delaying, deferring or preventing a change in control of our company and making some transactions more difficult or impossible without the support of these stockholders, even if such transactions are beneficial to other stockholders;
- impeding a merger, consolidation, takeover or other business combination involving our company; or
- entrenching our management or the board of directors.

Moreover, the interests of these stockholders may conflict with the interests of other stockholders, and we may be required to engage in transactions that may not be agreeable to or in the best interest of us or other stockholders.

We have anti-takeover defenses that could delay or prevent an acquisition that our stockholders may consider favorable, or prevent attempts by our stockholders to replace or remove current management, which could result in a decline in the price of our common stock.

Provisions of our certificate of incorporation, our bylaws, and Delaware law may deter unsolicited takeovers or delay or prevent changes in control of our management, including transactions in which our stockholders might otherwise receive a premium for their shares over then-current market prices. In addition, these provisions may limit the ability of stockholders to approve transactions that they may deem to be in their best interest. For example, we have divided our board of directors into three classes that serve staggered three-year terms, we may issue shares of our authorized "blank check" preferred stock, and our stockholders are limited in their ability to call special stockholder meetings.

In addition, we are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person who together with his, her, or its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. These provisions could discourage, delay or prevent a change in control.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our headquarters consist of office and laboratory space in Lexington, Massachusetts. We occupy approximately 21,772 feet of space under a seven-year lease agreement, which we entered into in December 2019. We occupied this leased property in May 2020. This lease expires in April 2027, and we have one five-year option to extend it through April 2032. We believe this office and laboratory space will be sufficient to meet our needs for the foreseeable future and that suitable additional space will be available as and when needed.

ITEM 3. LEGAL PROCEEDINGS

We are currently not a party to any material legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDERS MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information. Our common stock is traded on the Nasdaq Global Market under the trading symbol "CRIS."

Holders. On March 12, 2021 the last reported sale price of our common stock per share on the Nasdaq Global Market was $10.92 and there were 81 holders of record of our common stock. The number of record holders may not be representative of the number of beneficial owners because many of the shares of our common stock are held by depositories, brokers or other nominees.

Dividends. We have never declared or paid any cash dividends on our common stock. We currently intend to retain earnings, if any, to support our business strategy and do not anticipate paying cash dividends in the foreseeable future. Payment of future dividends, if any, will be at the sole discretion of our board of directors after taking into account various factors, including our financial condition, operating results, capital requirements and any plans for expansion.

Issuer Purchases of Equity Securities. None.

Unregistered Sales of Equity Securities. None.

Performance Graph. Not required.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and the related notes appearing elsewhere in this report. This discussion contains forward-looking statements, based on current expectations and related to future events and our future financial performance, that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many important factors, including those set forth under Part I, Item 1A, "Risk Factors" and elsewhere in this report. As used throughout this report, the terms "the Company," "we," "us," and "our" refer to the business of Curis, Inc. and its wholly owned subsidiaries, except where the context otherwise requires, and the term "Curis" refers to Curis, Inc.

Overview

We are a biotechnology company focused on the development of first-in-class and innovative therapeutics for the treatment of cancer.

We conduct our research and development programs both internally and through strategic collaborations. Our clinical stage drug candidates are CA-4948 and CI-8993:

- CA-4948, an orally-available small molecule inhibitor of Interleukin-1 receptor-associated kinase 4, or IRAK4, which is currently undergoing testing in a Phase 1 open-label dose escalating clinical trial in patients with non-Hodgkin lymphomas, including those with Myeloid Differentiation Primary Response Protein 88, or MYD88 alterations. We reported updated preliminary clinical data from the study in December 2020. We are also conducting a separate Phase 1 open-label, single arm dose escalating trial in patients with acute myeloid leukemia, or AML, and myelodysplastic syndromes, or MDS, and announced preliminary clinical data from this study in December 2020. In February, we enrolled the first patient in a Phase 1 combination trial of CA-4948 and ibrutinib, a BTK inhibitor, in patients with non-Hodgkin lymphomas.
- CI-8993, a monoclonal antibody designed to antagonize the V-domain Ig suppressor of T cell activation, or VISTA signaling pathway. In June 2020, we announced the U.S. Food and Drug Administration, or FDA, had cleared our Investigational New Drug, or IND, application for CI-8993. In September 2020, we began enrollment in our Phase 1a/1b trial of CI-8993 in patients with solid tumors. We have an option to license CI-8993 from ImmuNext, Inc., or ImmuNext.

Our pipeline also includes the following:

- Fimepinostat, a small molecule that potently inhibits the activity of histone deacetylase, or HDAC, and phosphotidyl-inositol 3 kinase, or PI3 kinase enzymes, which has been granted Orphan Drug Designation and Fast Track Designation for the treatment of MYC-altered diffuse large B-cell lymphoma, or DLBCL, by the FDA in April 2015 and May 2018, respectively. In 2019, we began enrollment in a Phase 1 combination study with venetoclax in DLBCL patients, including patients with translocations in both MYC and the BCL2 gene, also referred to as double-hit lymphoma, or high-grade B-cell lymphoma, or HGBL. We reported preliminary clinical data from this combination study in December 2019. In March 2020, we announced that although we observed no significant drug-drug interaction in our Phase 1 study of fimepinostat in combination with venetoclax, we did not see an efficacy signal that would warrant continuation of the study. Accordingly, no further patients will be enrolled in this study. We are currently evaluating future studies for fimepinostat.
- CA-170, a small molecule antagonist of VISTA and PDL1, for which we announced initial data from a clinical study in patients with mesothelioma in conjunction with the Society of lmmunotherapy of Cancer conference in November 2019. Based on this data, no further patients will be enrolled in the study. We are currently evaluating future studies for CA-170.
- CA-327, a small molecule antagonist of PDL1 and TIM3, which is a pre-IND, stage oncology drug candidate.

We are party to a collaboration with Genentech Inc., or Genentech, a member of the Roche Group, under which F. Hoffmann-La Roche Ltd, or Roche and Genentech are commercializing Erivedge® (vismodegib), a first-in-class orally administered small molecule Hedgehog signaling pathway antagonist. Erivedge is approved for the treatment of advanced basal cell carcinoma, or BCC.

In January 2015, we entered into a collaboration agreement focused on immuno-oncology and selected precision oncology targets with Aurigene Discovery Technologies Limited, or Aurigene, which was amended in September 2016 and February 2020. As of December 31, 2020, we have licensed four programs under the Aurigene collaboration, including CA-4948.

In addition, we are party to an option and license agreement with ImmuNext, Inc., or ImmuNext. Pursuant to the terms of the option and license agreement, we have an option, exercisable for a specified period as set forth in the option and license agreement to obtain an exclusive license to develop and commercialize certain VISTA antagonizing compounds, including ImmuNext's lead compound, CI-8993, and products containing these compounds in the field of oncology.

Based on our clinical development plans for our pipeline, we intend to predominantly focus our available resources on the continued development of CA-4948, in collaboration with Aurigene, and CI-8993, in collaboration with ImmuNext, in the near term.

Liquidity

Since our inception, we have funded our operations primarily through private and public placements of our equity securities, license fees, contingent cash payments, research and development funding from our corporate collaborators, debt financings and the monetization of certain royalty rights. We have never been profitable on an annual basis and have an accumulated deficit of $1.0 billion as of December 31, 2020. For the year ended December 31, 2020, we incurred a loss of $29.9 million and used $25.7 million of cash in operations. We expect to continue to generate operating losses in the foreseeable future. We anticipate that our $183.1 million of existing cash, cash equivalents and investments at December 31, 2020 should enable us to maintain our planned operations into 2024. We have based this assessment on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect.

We will need to generate significant revenues to achieve profitability, and do not expect to achieve profitability in the foreseeable future, if at all. If sufficient funds are not available, we will have to delay, reduce the scope of, or eliminate some of our research and development programs, including related clinical trials and operating expenses, potentially delaying the time to market for or preventing the marketing of any of our product candidates, which could adversely affect our business prospects and our ability to continue our operations, and would have a negative impact on our financial condition and ability to pursue our business strategies. In addition, we may seek to engage in one or more strategic alternatives, such as a strategic partnership with one or more parties, the licensing, sale or divestiture of some of our assets or proprietary technologies or the sale of our company, but there can be no assurance that we would be able to enter into such a transaction or transactions on a timely basis or on terms favorable to us, or at all.

COVID-19 Pandemic

The COVID-19 pandemic, which began in December 2019, has spread worldwide, causing many governments to implement measures to slow the spread of the outbreak through quarantines, strict travel restrictions, heightened border scrutiny, and other measures. The outbreak and government measures taken in response have had a significant impact, both direct and indirect, on businesses and commerce. While the COVID-19 pandemic has had adverse effects on our business and we expect the outbreak to have an adverse effect on our business, financial conditions and results of operations in the future, we are unable to predict the extent or nature of the future progression of the COVID-19 pandemic or its effects on our business and operations at this time.

We have enrolled, and will seek to enroll, cancer patients in clinical trials at sites located both in the United States and internationally. Many of our clinical trial sites have imposed restrictions as a result of the COVID-19 pandemic, which have had and may continue to have a negative impact on our ability to conduct our clinical trials. We have encountered and may continue to face difficulties recruiting and retaining patients in our ongoing and planned clinical trials to the extent patients are affected by the virus or are fearful of visiting or traveling to our clinical trial sites because of the outbreak. In addition, we do not currently know the duration or to what degree medical facilities, including our clinical trial sites, will continue to be impacted by the pandemic. For example, all of our clinical trial sites for our ongoing Phase 1 clinical trial for CA-4948 in patients with non-Hodgkin lymphomas, including those with MYD88 alterations, are at large academic research hospitals that have imposed restrictions on entry which have in some instances prohibited, and in other instances may potentially prohibit in the future, clinical trial monitors and patients from entering the trial sites. We are actively working with our clinical trial sites to follow FDA guidelines for conducting clinical trials during the COVID-19 pandemic, including performing remote monitoring to the extent possible and arranging for the shipment of medicine directly from the clinical trial site to patients who are enrolled in our trials, if required; however, there is no assurance such arrangements will be successful. As a result, further enrollment in our ongoing clinical trial for CA-4948 in patients with non-Hodgkin lymphomas, including those with MYD88 alterations, has been delayed and may continue to be delayed and patients currently enrolled in the trial may cease treatment due to the restrictions described above or fear of visiting or inability to visit our trial sites. As a result, enrollment in this trial has been slower than expected and the timeline of this trial has been delayed and may continue to be delayed. In addition, in July 2020, we commenced enrollment in our Phase 1 clinical trial in CA-4948 in patients with AML and MDS. Clinical trial sites for this

study have also imposed and may continue to impose restrictions similar to those described above. As a result, we may not be able to enroll this trial on our planned timeline, which would cause a delay in the overall timeline for this trial. Similarly, enrollment in and the overall timeline of our combination study of CA-4948 and ibrutinib, for which we commenced enrollment in February 2021, and our Phase 1 clinical trial for CI-8993, for which we commenced enrollment in September 2020, have been delayed and may continue to be delayed due to the factors discussed above. To the extent clinical trial sites are slowed down or closed to enrollment in our ongoing and planned clinical trials, this could also have a material adverse impact on our clinical trial plans and timelines. These restrictions may also impact our ability to collect patient data in a timely fashion. In addition, we do not know whether and to what extent potential exposure to COVID-19 of patients in our clinical trials could impact the efficacy of CA-4948 or CI-8993. The response to the COVID-19 pandemic may redirect resources of regulators in a way that would adversely impact our ability to progress regulatory approvals. In addition, we may face impediments to regulatory meetings and approvals relating to our clinical trials due to measures intended to limit in-person interactions.

We and our collaborators, third-party contract manufacturers, contract research organizations and clinical sites may experience delays or disruptions in supply and release of product candidates and/or procuring items that are essential for our research and development activities, including, for example, raw materials used in the manufacturing of our product candidates, basic medical and laboratory supplies used in our clinical trials or preclinical studies or animals that are used for preclinical testing, in each case, for which there may be shortages because of ongoing efforts to address the outbreak. While we believe that we currently have sufficient supply of our product candidates to continue our ongoing clinical trials, some of our product candidates, or materials contained therein, come from facilities located in areas impacted by COVID-19, including India, China, and Europe. In addition, any disruptions could impact the supply, manufacturing or distribution of Erivedge, and sales of Erivedge may be negatively impacted by a decrease in new prescriptions as a result of a decline in patient medical visits due to the COVID-19 pandemic, which has had and could continue to have a negative impact on the amount and timing of any royalty revenue we may receive from Genentech related to Erivedge. There is no guarantee that the COVID-19 pandemic, or any potential future outbreak, would not impact our supply chain, which could have a material adverse impact on our clinical trial plans and business operations.

We are also experiencing delays in closing down our clinical trial sites related to our fimepinostat and CA-170 trials due to restrictions on non-essential workers imposed at those sites in response to COVID-19, which has delayed the winding down of these trials and may result in additional costs and expenses.

Any negative impact that the COVID-19 pandemic has on the ability of our suppliers to provide materials for our product candidates or on recruiting or retaining patients in our clinical trials could cause costly delays to clinical trial activities, which could adversely affect our ability to obtain regulatory approval for and to commercialize our product candidates, increase our operating expenses, and have a material adverse effect on our financial results. Additionally, the pandemic has already caused significant disruptions in the financial markets, and may continue to cause such disruptions, which could impact our ability to raise additional funds and has also impacted, and may continue to impact, the volatility of our stock price and trading in our stock. Moreover, the pandemic has significantly impacted economies worldwide, which could result in adverse effects on our business and operations. We cannot be certain what the overall impact of the COVID-19 pandemic will be on our business and it has had and may continue to have an adverse effect on our business, financial condition, results of operations, and prospects.

Key Drivers

We believe that near term key drivers to our success will include:

- our ability to successfully plan, finance and complete current and planned clinical trials for CA-4948 and CI-8993, as well as for such clinical trials to generate favorable data; and
- our ability to raise the substantial additional financing required to fund our operations through our common stock purchase agreement with Aspire Capital, our at-the-market sales agreement with Cantor Fitzgerald & Co., or Cantor, and Jones Trading Institutional Services LLC, or JonesTrading, and other potential financing.

In the longer term, a key driver to our success will be our ability, and the ability of any current or future collaborator or licensee, to successfully develop and commercialize drug candidates.

Our Collaborations and License Agreements

Our current collaborations and license agreements are summarized below and detailed in the Business section of this Annual Report on Form 10-K. See "Business—Collaborations and License Agreements."

Aurigene

Our exclusive collaboration agreement, as amended, with Aurigene provides for the discovery, development and commercialization of small molecule compounds in the areas of immuno-oncology and selected precision oncology targets. As of December 31, 2020, we have four licensed programs, including CA-4948.

Under the collaboration agreement, as amended, Aurigene granted us an option to obtain exclusive, royalty-bearing licenses to relevant Aurigene technology to develop, manufacture and commercialize products containing certain of such compounds anywhere in the world, except for India and Russia, which are territories retained by Aurigene. Under the terms of the amended collaboration agreement, Aurigene also obtains rights to develop and commercialize CA-170 in Asia.

Since January 2015, we have paid $14.5 million in research payments, and Aurigene has waived $19.5 million in milestone obligations. For each of the current four licensed programs, we have remaining unpaid or unwaived payment obligations of $42.5 million per program, related to regulatory approval and commercial sales milestones, plus specified additional payments for approvals for additional indications, if any.

We have agreed to pay Aurigene tiered royalties on our and our affiliates' annual net sales of products at percentage rates ranging from the high single digits up to 10%, subject to specified reductions. In addition, we have agreed to make certain payments to Aurigene upon our entry into sublicense agreements on any program(s).

ImmuNext License Agreement

In January 2020, we entered into an option and license agreement with ImmuNext, or the ImmuNext Agreement. Under the terms of the ImmuNext Agreement, we agreed to engage in a collaborative effort with ImmuNext, and to conduct a Phase 1a/1b clinical trial of an ImmuNext compound that antagonizes VISTA. We plan to conduct this Phase 1a/1b clinical trial with respect to CI-8993. In exchange, ImmuNext granted us an exclusive option, exercisable until the earlier of (a) four years after January 6, 2020 and (b) 90 days after database lock for the first Phase 1a/1b trial in which the endpoints are satisfied, or the Option Period, to obtain an exclusive, worldwide license to develop and commercialize certain VISTA antagonizing compounds and products containing these compounds in the field of oncology.

In January 2020, we paid $1.3 million as an upfront fee to ImmuNext. In addition, if we exercise the option, we will pay ImmuNext an option exercise fee of $20.0 million. ImmuNext will be eligible to receive up to $4.6 million in potential development milestones, up to $84.3 million in potential regulatory approval milestones, and up to $125.0 million in potential sales milestone payments from us. ImmuNext is also eligible to receive tiered royalties on annual net sales on a product-by-product and country-by-country basis, at percentage rates ranging from high single digits to low double digits, subject to specified adjustments.

Genentech Hedgehog Signaling Pathway Collaboration Agreement

In 2003, we entered into a collaborative research, development and license agreement with Genentech, which we refer to as the collaboration agreement.

Under the terms of our collaboration agreement with Genentech, we granted Genentech an exclusive, global, royalty-bearing license, with the right to sublicense, to make, use, sell and import molecules capable of inhibiting the Hedgehog signaling pathway (including small molecules, proteins and antibodies) for human therapeutic applications, including cancer therapy. Genentech subsequently granted a sublicense to Roche for non-U.S. rights to Erivedge, other than in Japan where such rights are held by Chugai. Genentech and Roche are responsible for worldwide clinical development, regulatory affairs, manufacturing and supply, formulation, and sales and marketing.

We are eligible to receive up to an aggregate of $115.0 million in contingent cash milestone payments, exclusive of royalty payments, in connection with the development of Erivedge or another small molecule Hedgehog pathway inhibitor, assuming the successful achievement by Genentech and Roche of specified clinical development and regulatory objectives. Of this amount, we have received $59.0 million to date.

In addition to the contingent cash milestone payments, our wholly owned subsidiary, Curis Royalty, is entitled to a royalty on net sales of Erivedge that ranges from 5% to 7.5% based upon global Erivedge sales by Roche and Genentech. We recognized $10.7 million of royalty revenue from Genentech's net sales of Erivedge during the year ended December 31, 2020, and have recognized an aggregate of $69.4 million in royalty revenues since Erivedge was approved.

As a result of our licensing agreements with various universities, we are obligated to make payments to university licensors on royalties that Curis Royalty earns in all territories (other than Australia). Cost of royalty revenues were $0.5 million during the year ended December 31, 2020 and have paid an aggregate of $3.6 million to university licensors since Erivedge was approved.

The Leukemia & Lymphoma Society

In November 2011, we entered into an agreement with Leukemia and Lymphoma Society, or LLS, pursuant to which LLS agreed to provide us with up to $4.0 million in payments to support our ongoing development of fimepinostat, subject to the achievement of specified milestones.

In August 2015, we entered into an amendment of the November 2011 agreement with LLS. Under the amendment, LLS agreed to provide advisory services regarding both the fimepinostat and IRAK4 programs, and LLS is no longer obligated to make further milestone payments related to ongoing clinical development of fimepinostat.

We agreed to make up to $1.7 million in future payments to LLS, which represents the aggregate payments previously received from LLS under the November 2011 agreement, pursuant to achievement of certain objectives, including a licensing, sale, or other similar transaction, as well as regulatory and commercial objectives, in each case related to the fimepinostat program in hematological malignancies. However, if fimepinostat does not meet its clinical safety endpoints in clinical trials in the defined field, or fails to obtain necessary regulatory approvals, all funding provided to us by LLS will be considered a non-refundable grant.

Financial Operations Overview

General. Our future operating results will largely depend on the progress of drug candidates currently in our research and development pipeline. The results of our operations will vary significantly from year to year and quarter to quarter and depend on, among other factors, the cost and outcome of any preclinical development or clinical trials then being conducted. For a discussion of our liquidity and funding requirements, see "Liquidity" and "Liquidity and Capital Resources - Funding Requirements."

Debt. In December 2012, Curis Royalty entered into a $30 million credit agreement with BioPharma-II, at an annual interest rate of 12.25% collateralized with certain future Erivedge royalty and royalty-related payment streams.

In March 2017, we and Curis Royalty, entered into a new credit agreement, referred to as the credit agreement, with HealthCare Royalty for the purpose of refinancing the prior credit agreement from BioPharma-II. On the effective date of the credit agreement with Healthcare Royalty, the prior credit agreement was terminated in its entirety.

Pursuant to the credit agreement, HealthCare Royalty made a $45.0 million loan at an annual interest rate of 9.95% to Curis Royalty, which was used to pay off the approximate $18.4 million in remaining loan obligations to BioPharma-II under the prior loan. The remaining proceeds of the loan of $26.6 million were distributed to us as sole equity holder of Curis Royalty. In March 2019, we terminated and repaid the outstanding principal and interest of $35.8 million that was due under the loan.

On April 21, 2020, we entered into a promissory note evidencing an unsecured $0.9 million loan, or the PPP Loan, under the Paycheck Protection Program, or PPP, of the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act. As of December 31, 2020, we recorded short- and long-term debt related to the PPP Loan of $0.6 million and $0.3 million, respectively. As of December 31, 2019, we had no debt outstanding.

Liability Related to the Sale of Future Royalties. In connection with the termination and repayment in full of the loan with HealthCare Royalty, the Company and Curis Royalty entered into the royalty interest purchase agreement, or Oberland Purchase Agreement, with entities managed by Oberland Capital Management, LLC, or the Purchasers. Upon closing of the Oberland Purchase Agreement, Curis Royalty received an upfront purchase price of $65.0 million from the Purchasers, approximately $33.8 million of which was used to pay off the remaining loan principal to HealthCare Royalty, and $3.7 million of which was used to pay transaction costs, including $3.4 million to HealthCare Royalty in accrued and unpaid interest and prepayment fees under the loan, resulting in net proceeds of $27.5 million. Curis Royalty will also be entitled to receive milestone payments of (i) $17.2 million if the Purchasers and Curis Royalty receive aggregate royalty payments pursuant to the Oberland Purchase Agreement in excess of $18.0 million during the calendar year 2021, subject to certain exceptions, and (ii) $53.5 million if the Purchasers receive payments pursuant to the Oberland Purchase Agreement in excess of $117.0 million on or prior to December 31, 2026, which milestone payments may each be paid, at the option of the Purchasers, in a lump sum in cash or out of the Purchaser's portion of future payments under the Oberland Purchase Agreement. For further discussion of the Oberland Purchase Agreement, see "Liquidity and Capital Resources – Royalty Interest Purchase Agreement".

Revenue. We do not expect to generate any revenues from our direct sale of products for several years, if ever. Substantially all of our revenues to date have been derived from license fees, research and development payments, and other amounts that we have received from our strategic collaborators and licensees, including royalty payments. Since the first quarter of 2012, we have recognized royalty revenues related to Genentech's sales of Erivedge and we expect to continue to recognize royalty revenue in future quarters from Genentech's sales of Erivedge in the U.S. and Roche's sales of Erivedge outside of the U.S. However, a portion of our royalty and royalty-related revenues under our collaboration with Genentech will be paid to the Purchasers, pursuant to the Oberland Purchase Agreement. The Oberland Purchase Agreement will terminate upon the earlier to occur of (i) the date on which Curis Royalty's rights to receive the Purchased Receivables owed by Genentech under the Genentech collaboration agreement have terminated in their entirety and (ii) the date on which payment in full of the put/call price is received by the Purchasers pursuant to the Purchasers' exercise of their put option or Curis Royalty's exercise of its call right. For additional information regarding the terms and termination provisions of this agreement, see Note 9, "Liability Related to the Sale of Future Royalties," to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data," of this annual report on Form 10-K.

We could receive additional milestone payments from Genentech, provided that contractually specified development and regulatory objectives are met. Also, we could receive milestone payments from the Purchasers, provided that contractually specified royalty payment amounts are met within applicable time periods. Our only source of revenues and/or cash flows from operations for the foreseeable future will be royalty payments that are contingent upon the continued commercialization of Erivedge under our collaboration with Genentech, and contingent cash payments for the achievement of clinical, development and regulatory objectives, if any, that are met, under our collaboration with Genentech. Our receipt of additional payments under our collaboration with Genentech cannot be assured, nor can we predict the timing of any such payments, as the case may be.

Cost of Royalty Revenues. Cost of royalty revenues consists of all expenses incurred that are associated with royalty revenues that we record as revenues in our consolidated statements of operations and comprehensive loss. These costs currently consist of payments we are obligated to make to university licensors on royalties that Curis Royalty receives from Genentech on net sales of Erivedge. In all territories other than Australia, our obligation is equal to 5% of the royalty payments that we receive from Genentech for a period of 10 years from the first commercial sale of Erivedge, which occurred in February 2012 in the U.S. In addition, for royalties that Curis Royalty receives from Roche's sales of Erivedge in Australia, we were obligated to make payments to university licensors of 2% of Roche's direct net sales in Australia until expiration of the patent which occurred in April 2019. Subsequent to April 2019, the amount we are obligated to pay in Australia decreased to 5% of the royalty payments that Curis Royalty receives from Genentech.

Research and Development. Research and development expense consists of costs incurred to develop our drug candidates. These expenses consist primarily of:

- salaries and related expenses for personnel, including stock-based compensation expense;
- costs of conducting clinical trials, including amounts paid to clinical centers, clinical research organizations and consultants, among others;
- other outside service costs including costs of contract manufacturing;
- sublicense payments;
- the costs of supplies and reagents;
- occupancy and depreciation charges;
- certain payments that we make to Aurigene under our collaboration agreement, including, for example, option exercise fees and milestone payments; and
- payments that we are obligated to make to certain third-party university licensors upon our receipt of payments from Genentech related to the achievement of clinical development and regulatory objectives under our collaboration agreement.

We expense research and development costs as incurred. We are currently incurring research and development costs under our Hedgehog signaling pathway antagonist collaboration with Genentech related to the maintenance of third-party licenses to certain background technologies.

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages, primarily due to the increased size and

duration of later-stage clinical trials. As a result, we expect that our research and development expenses will increase substantially over the next several years as we conduct our clinical trials of CA-4948 and CI-8993; prepare regulatory filings for our product candidates; continue to develop additional product candidates; and potentially advance our product candidates into later stages of clinical development.

The successful development and commercialization of our product candidates is highly uncertain. At this time, we cannot reasonably estimate or know the nature, timing and costs of the efforts that will be necessary to complete the preclinical and clinical development of any of our product candidates. This uncertainty is due to the numerous risks and uncertainties associated with product development and commercialization, including the uncertainty of:

- our ability to successfully enroll our current and future clinical trials and our ability to initiate future clinical trials, which has been and may continue to be negatively impacted by the COVID-19 pandemic and responsive measures relating thereto;
- the scope, quality of data, rate of progress and cost of clinical trials and other research and development activities undertaken by us or our collaborators;
- the results of future preclinical studies and clinical trials;
- the cost and timing of regulatory approvals and maintaining compliance with regulatory requirements;
- the cost and timing of establishing sales, marketing and distribution capabilities;
- the cost of establishing clinical and commercial supplies of our drug candidates and any products that we may develop;
- the effect of competing technological and market developments; and
- the cost and effectiveness of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights.

Any changes in the outcome of any of these variables with respect to the development of our product candidates could mean a significant change in the costs and timing associated with the development of these product candidates. For example, if the FDA or another regulatory authority were to delay our clinical trials or require us to conduct clinical trials or other testing beyond those that we currently expect, or if we experience significant delays in enrollment in any of our clinical trials, we could be required to expend significant additional financial resources and time to complete clinical development of that product candidate. We may never obtain regulatory approval for any of our product candidates. Drug commercialization will take several years and millions of dollars in development costs.

A further discussion of some of the risks and uncertainties associated with completing our research and development programs on schedule, or at all, and some consequences of failing to do so, are set forth under "Part I, Item 1A—Risk Factors."

General and Administrative. General and administrative expense consists primarily of salaries, stock-based compensation expense and other related costs for personnel in executive, finance, accounting, business development, legal, information technology, corporate communications and human resource functions. Other costs include facility costs not otherwise included in research and development expense, insurance, and professional fees for legal, patent and accounting services. Patent costs include certain patents covered under collaborations, a portion of which is reimbursed by collaborators and a portion of which is borne by us.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States requires that we make estimates and assumptions that affect the reported amounts and disclosure of certain assets and liabilities at our balance sheet date. Such estimates and judgments include the carrying value of property and equipment and intangible assets, revenue recognition, the value of certain liabilities, debt classification and stock-based compensation. We base our estimates on historical experience and on various other factors that we believe to be appropriate 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.

While our significant accounting policies are more fully described in Note 2 of our consolidated financial statements included in this report, we believe that the following accounting policies are critical to understanding the judgments and estimates we use in preparing our financial statements:

Revenue Recognition

Our business strategy includes entering into collaborative license and development agreements with biotechnology and pharmaceutical companies for the development and commercialization of our drug candidates. The terms of the agreements typically include non-refundable license fees, funding of research and development, payments based upon achievement of clinical development and regulatory objectives, and royalties on product sales.

Royalty Revenue. Since the first quarter of 2012, we have recognized royalty revenues related to Genentech's and Roche's sales of Erivedge. For arrangements that include sales based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, we recognize revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied). We expect to continue recognizing royalty revenue from Genentech's sales of Erivedge in the U.S. and in other markets where Genentech and Roche successfully obtain marketing approval, if any (see Note 3). However, a portion of Erivedge royalties will be paid to the Purchasers under the Oberland Purchase Agreement (see Note 16).

With respect to each of the foregoing areas of revenue recognition, we exercise significant judgment in determining whether an arrangement contains multiple elements, and, if so, how much revenue is allocable to each element. In addition, we exercise our judgment in determining when our significant obligations have been met under such agreements and the specific time periods over which we recognized revenue, such as non-refundable, up-front license fees. To the extent that actual facts and circumstances differ from our initial judgments, our revenue recognition with respect to such transactions would change accordingly and any such change could affect our reported financial results.

Stock-Based Compensation

We account for stock-based compensation transactions using a grant-date fair-value based method under FASB Codification Topic 718, *Compensation—Stock Compensation*.

We have recorded employee and director stock-based compensation expense of $2.7 million and $2.7 million for the years ended December 31, 2020 and 2019, respectively.

We measure compensation cost for stock-based compensation at fair value, including our estimate of forfeitures, and recognize the expense as compensation expense over the period that the recipient is required to provide service in exchange for the award, which generally is the vesting period. We use the Black-Scholes option pricing model to measure the fair value of stock options. This model requires significant estimates related to the award's expected life and future stock price volatility of the underlying equity security. In determining the amount of expense to be recorded, we estimate forfeiture rates for awards, based on the probability that employees will complete the required service period. We estimate the forfeiture rate based on historical experience. If actual forfeitures differ significantly from our estimates, additional adjustments to compensation expense may be required in future periods. Ultimately, the actual expense recognized over the vesting period will only be for those shares that vest.

Liability Related to the Sale of Future Royalties

As a result of the obligation to pay future royalties to Oberland, we recorded the proceeds from this transaction as a liability on our Consolidated Balance Sheet that will be accounted for using the interest method over the estimated life of the Oberland Purchase Agreement. As a result, we impute interest on the transaction and record imputed interest expense at the estimated interest rate. Our estimate of the interest rate under the agreement is based on the amount of royalty payments expected to be received by Oberland over the life of the arrangement. We periodically assess the expected royalty payments to Curis Royalty from Genentech using a combination of historical results and forecasts from market data sources. To the extent such payments are greater or less than the initial estimates or the timing of such payments is materially different than the original estimates, we will adjust the amortization of the liability.

Our discussion of our critical accounting policies is not intended to be a comprehensive discussion of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by generally accepted accounting principles, with no need for management's judgment in their application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result.

Results of Operations (all amounts rounded to the nearest thousand)

Years Ended December 31, 2020 and December 31, 2019

The following table summarizes our results of operations for the years ended December 31, 2020 and December 31, 2019:

	For the Year Ended December 31,		Percentage Increase/ (Decrease)
	2020	2019	2020 v. 2019
Revenues	$ 10,835	$ 10,004	8 %
Cost of royalty revenues	534	503	6 %
Research and development	23,068	22,302	3 %
General and administrative	12,131	11,555	5 %
Total other expense, net	5,010	7,785	(36)%
Net loss	$ (29,908)	$ (32,141)	(7)%

Revenues

Total revenues are summarized as follows:

	For the Year Ended December 31,		Percentage Increase/ (Decrease)
	2020	2019	2020 v. 2019
Royalties	$ 10,724	$ 10,418	3 %
Other revenue	214	—	n/a
Contra revenue, net	(103)	(414)	(75)%
Total revenues, net	$ 10,835	$ 10,004	8 %

Total revenues increased by $0.8 million, or 8%, to $10.8 million for the year ended December 31, 2020 as compared to $10.0 million for the year ended December 31, 2019, primarily related to a decrease in the reserve for contractual royalty reductions arising from Genentech and Roche's net sales of Erivedge. Other revenue related to sub-license revenues earned in 2020.

Cost of Royalty Revenues. Cost of royalty revenues remained consistent at $0.5 million for the years ended December 31, 2020 and 2019. These amounts primarily relate to payments to university licensors on royalties that Curis Royalty earns on Genentech's net sales of Erivedge.

Research and Development Expenses. Research and development expenses are summarized as follows:

	For the Year Ended December 31,		Percentage Increase/ (Decrease)
	2020	2019	2020 v. 2019
Direct research and development expenses	$ 14,746	$ 15,011	(2)%
Employee-related expenses	6,418	5,629	14 %
Facilities, depreciation and other expenses	1,904	1,662	15 %
Total research and development expenses	$ 23,068	$ 22,302	3 %

Our total research and development expenses increased by $0.8 million, or 3%, to $23.1 million for the year ended December 31, 2020, as compared to $22.3 million for the prior year. Direct research and development expenses decreased by $0.3 million for the year ended December 31, 2020 as compared to the prior year period primarily due to reduced clinical and manufacturing costs for CA-170 and fimepinostat, partially offset by $2.3 million in costs related to our option and license agreement with ImmuNext and increased clinical and manufacturing costs for CA-4948 and CI-8993.

We expect that a majority of our research and development expenses for the foreseeable future will be incurred in connection with our efforts to advance our programs, including clinical and preclinical development costs, manufacturing, option exercise fees, and potential payments upon achievement of certain milestones.

General and Administrative Expenses. General and administrative expenses are summarized as follows:

	For the Year Ended December 31,		Percentage Increase/ (Decrease)
	2020	2019	2020 v. 2019
Personnel	$ 4,325	$ 3,705	17 %
Occupancy and depreciation	695	580	20 %
Legal services	2,218	2,020	10 %
Professional and consulting services	1,621	1,842	(12)%
Insurance costs	518	453	14 %
Stock-based compensation	1,967	2,083	(6)%
Other general and administrative expenses	787	872	(10)%
Total general and administrative expenses	$ 12,131	$ 11,555	5 %

General and administrative expenses increased by $0.6 million, or 5%, for the year ended December 31, 2020 as compared to the prior year. The increase in general administrative expense was driven primarily by an increase in personnel, legal and occupancy related costs as compared to 2019. These increases were partially offset by a reduction in stock-based compensation expense, professional and consulting fees and other expenses as compared to 2019.

Other Expense

Other expense, net, was $5.0 million for the year ended December 31, 2020, as compared to $7.8 million for the same period in 2019. Net other expense for the year ended December 31, 2020 primarily consisted of $5.1 million of imputed interest expense related to future royalty payments, partially offset by $0.1 million of interest income. Net other expense for the year ended December 31, 2019 primarily included a loss on extinguishment of debt of $3.5 million and imputed interest expense of $4.1 million.

As a result of the foregoing, we incurred a net loss of $29.9 million for the year ended December 31, 2020 and $32.1 million for the year ended December 31, 2019.

Liquidity and Capital Resources

We have financed our operations primarily through private and public placements of our equity securities, license fees, contingent cash payments and research and development funding from our corporate collaborators, debt financings, and the monetization of certain royalty rights. See “Funding Requirements” and Note 1 “Nature of Business” for a further discussion of our liquidity.

At December 31, 2020, our principal sources of liquidity consisted of cash, cash equivalents, and investments of $183.1 million, excluding our restricted cash of $0.8 million. Our cash and cash equivalents are highly liquid investments with a maturity of three months or less at date of purchase. Our investments short and long-term primarily include commercial paper and securities. We maintain cash balances with financial institutions in excess of insured limits.

Common Stock Purchase Agreement

In February 2020, we entered into a common stock purchase agreement, or the Purchase Agreement, for the sale of up to $30.0 million of our common stock with Aspire Capital Fund, LLC, or Aspire Capital. Under the terms of the Purchase Agreement, Aspire Capital made an initial investment of $3.0 million through the purchase of 2,693,965 shares of our common stock. In addition, Aspire Capital committed to purchase shares of our common stock, at our request from time to time during a 30-month period at prices based on the market price at the time of each sale, subject to specified terms and limitations. As consideration for Aspire Capital’s obligation under the Purchase Agreement, we issued 646,551 shares of our common stock to Aspire Capital as a commitment fee. We also entered into a registration rights agreement with Aspire Capital in connection with our entry into the Purchase Agreement setting forth our obligation to maintain an effective registration statement covering any shares of common stock sold or to be sold to Aspire Capital, subject to the terms of the registration rights agreement.

To date, we have received gross proceeds of $8.4 million from our sales of common stock to Aspire Capital and the remaining balance of common stock available to be sold pursuant to the Purchase Agreement is $21.6 million. The extent to which we utilize the Purchase Agreement with Aspire Capital as a source of funding will depend on a number of factors, including the prevailing market price of our common stock, the volume of trading in our common stock and the extent to which we are able to secure funds from other sources. The number of shares that we may sell to Aspire Capital under the Purchase Agreement on any given day and during the term of the agreement is subject to certain limitations and restrictions. We have the

right to sell up to 150,000 shares of common stock per day to Aspire Capital, which total may be increased by mutual agreement up to an additional 2,000,000 shares per day.

Pursuant to the Purchase Agreement, we will control the timing and amount of the further sale of our common stock to Aspire Capital. We plan to use the proceeds for general corporate purposes, including research and development, clinical trial activity and working capital. There are no restrictions on future financings and there are no financial covenants, participation rights, rights of first refusal, or penalties in the purchase agreement. We have the right to terminate the Purchase Agreement at any time without any additional cost or penalty.

Equity Offerings

On July 2, 2015, we entered into a sales agreement with Cowen and Company, LLC, or Cowen, pursuant to which we could sell from time to time up to $30.0 million of our common stock through an "at-the-market" equity offering program, under which Cowen was to act as sales agent. We terminated this sales agreement in March 2020. As of the termination date, we had sold an aggregate of 420,796 shares of common stock pursuant to this sales agreement, for net proceeds of $6.2 million and no further sales may be made under this sales agreement.

On March 4, 2020, we entered into a Capital on Demand™ Sales Agreement with JonesTrading Institutional Services LLC , or JonesTrading, to sell from time to time up to $30.0 million of our common stock through an "at the market offering" program under which JonesTrading acted as sales agent. We terminated this sales agreement effective as of December 9, 2020. We did not incur any termination penalties as a result of the termination. As of the effective date of the termination of this sales agreement, we had sold an aggregate of 6,298,648 shares of common stock under the sales agreement for aggregate gross proceeds of $8.3 million and net proceeds of $7.9 million, after deducting commissions and offering expenses. The $21.7 million of common stock that remained unsold under this sales agreement at the time of termination is no longer available.

In June 2020, we entered into a securities purchase agreement with certain institutional investors, pursuant to which we issued and sold, in a registered direct offering, an aggregate of 14,000,000 shares of our common stock at a purchase price per share of $1.25, for aggregate gross proceeds of $17.5 million, before deducting fees of approximately $1.0 million paid to the placement agent and other offering expenses of approximately $0.5 million paid by us. JonesTrading acted as the exclusive placement agent for the transaction, and we offered the shares pursuant to our universal shelf registration statement on Form S-3, or the 2018 Shelf, which was filed with the SEC on May 3, 2018 and declared effective by the SEC on May 17, 2018 (File No. 333-224627), and a prospectus supplement thereunder.

In December 2020, we completed an underwritten public offering of 29,500,000 shares of our common stock, including 3,847,826 shares issued and sold upon the exercise in full of the underwriters' option to purchase additional shares, at a public offering price of $5.75 per share, for aggregate gross proceeds of $169.6 million before deducting underwriting discounts and commissions and other offering expenses of $10.2 million. The securities in this transaction were offered pursuant to the 2018 Shelf and an additional registration statement on Form S-3 (File No. 333-251211) filed pursuant to Rule 462(b) which became automatically effective on December 9, 2020, and a prospectus supplement thereunder.

On March 16, 2021, we entered into a Sales Agreement with Cantor Fitzgerald & Co., or Cantor, and JonesTrading Institutional Services LLC, or JonesTrading, to sell from time to time up to $100.0 million of our common stock through an "at the market offering" program under which Cantor and JonesTrading act as sales agents. To date, we have not made any sales of common stock pursuant to the sales agreement.

Debt Financing

On April 21, 2020, we entered into a promissory note evidencing an unsecured $0.9 million loan, or the PPP Loan, under the Paycheck Protection Program, or PPP, of the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act. As of December 31, 2020, the Company recorded short- and long-term debt related to the PPP Loan of $0.6 million and $0.3 million, respectively. As of December 31, 2019, the Company had no debt.

The PPP Loan was made by Silicon Valley Bank, or SVB. The term of the PPP Loan is 24-months. The interest rate on the PPP Loan is 1%. Interest and principal payments have been deferred to the third quarter of 2021. We may prepay the PPP Loan at any time without payment of penalty or premium. The promissory note evidencing the PPP Loan contains customary events of default relating to, among other things, payment defaults, breach of representations and warranties or provisions of the promissory note, and cross-default provisions. The occurrence of an event of default may result in the repayment of all amounts outstanding, collection of all amounts we owe, and/or filing suit and obtaining judgment against us.

Under the terms of the CARES Act and the Paycheck Protection Program Flexibility Act of 2020, PPP Loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. The PPP Loan may be forgiven in

part or in full if the PPP Loan proceeds are used for covered payroll costs, rent and utilities, provided that such amounts are incurred during the 24-week period that commenced on April 22, 2020, employee and compensation levels are maintained (subject to certain exceptions), and at least 60% of the PPP Loan proceeds have been used for covered payroll costs. Any forgiveness of the PPP Loan will be made in accordance with U.S. Small Business Administration, or SBA, requirements and subject to approval by SVB. No assurance is provided that we will obtain forgiveness of the PPP Loan in whole or in part. We will remain responsible for amounts due under the promissory note that are not forgiven, together with interest accrued and unpaid thereon at the rate set forth above. Interest payable on the PPP Loan may be forgiven only if the SBA agrees to pay such interest on the forgiven principal amount of the PPP Loan. There is no assurance that any interest payable on the PPP Loan will be forgiven in whole or in part.

Royalty Interest Purchase Agreement

On March 22, 2019, we and Curis Royalty entered into the royalty interest purchase agreement, or Oberland Purchase Agreement with the Purchasers. We sold to the Purchasers a portion of our rights to receive royalties from Genentech on potential net sales of Erivedge.

As upfront consideration for the purchase of the royalty rights, at closing the Purchasers paid to Curis Royalty $65.0 million less certain transaction expenses. Curis Royalty will also be entitled to receive up to approximately $70.7 million in milestone payments based on sales of Erivedge as follows: (i) $17.2 million if the Purchasers and Curis Royalty receive aggregate royalty payments pursuant to the Oberland Purchase Agreement in excess of $18.0 million during the calendar year 2021, subject to certain exceptions and (ii) $53.5 million if the Purchasers receive payments pursuant to the Oberland Purchase Agreement in excess of $117.0 million on or prior to December 31, 2026. For further discussion please refer to Note 9. to our consolidated financial statements included in Part II, Item 8, "Liability Related to the Sale of Future Royalties."

Milestone Payments and Monetization of Royalty Rights

We have received aggregate milestone payments totaling $59.0 million under our collaboration with Genentech since 2012. In addition, we began receiving royalty revenues in 2012 in connection with Genentech's sales of Erivedge in the U.S. and Roche's sales of Erivedge outside of the U.S. Erivedge royalty revenues received after December 2012 have been used to repay Curis Royalty's outstanding principal and interest under the loans due to BioPharma-II and HealthCare Royalty. A portion of Erivedge royalty and royalty-related revenue payments will be paid to the Purchasers pursuant to the Oberland Purchase Agreement. We also remain entitled to receive any contingent payments upon achievement of clinical development objectives and royalty payments related to sales of Erivedge pursuant to our collaboration agreement with Genentech and certain contingent payments upon achievement of contractually specified royalty revenue payment amounts related to sales of Erivedge pursuant to the Oberland Purchase Agreement. Upon receipt of any such payments, as well as on royalties received in any territory other than Australia, we are required to make payments to certain university licensors totaling 5% of these amounts. In addition, for royalties that Curis Royalty receives from Roche's sales of Erivedge in Australia, we were obligated to make payments to university licensors of 2% of Roche's direct net sales in Australia until the expiration of the patent in April 2019. After April 2019, the amount we are obligated to pay decreased to 5% of the royalty payments that Curis Royalty receives from Genentech.

Cash Flows

Cash flows for operations have primarily been used for salaries and wages for our employees, facility and facility-related costs for our office and laboratory, fees paid in connection with preclinical and clinical studies, laboratory supplies, consulting fees and legal fees. We expect that costs associated with clinical studies will increase in future periods.

Net cash used in operating activities of $25.7 million during the year ended December 31, 2020 was primarily the result of our net loss for the period of $29.9 million, partially offset by non-cash charges primarily consisting of $2.7 million in stock-based compensation. In addition, accounts payable and accrued and other liabilities increased $1.0 million, accounts receivable decreased $0.2 million related to an increase in fourth quarter 2020 Erivedge royalties and prepaid expenses and other assets increased $0.2 million.

Net cash used in operating activities of $26.2 million during the year ended December 31, 2019 was primarily the result of our net loss for the period of $32.1 million, partially offset by non-cash charges consisting of $2.7 million in stock-based compensation, $3.5 million related to the loss on extinguishment of debt, $1.0 million of non-cash lease expense, and $0.3 million of non-cash imputed interest expense related to the sale of future royalties. Accounts payable and accrued and other liabilities increased $0.1 million, accounts receivable increased $0.4 million related to an increase in fourth quarter Erivedge royalties, prepaid expenses and other assets increased $0.2 million and our operating lease liability reflected a decrease of $1.0 million following the adoption of ASC 842.

We expect to continue to use cash in operations as we seek to advance our drug candidates and our programs under our collaboration agreements with Aurigene and ImmuNext. In addition, in the future we may owe royalties and other contingent payments to our licensors based on the achievement of developmental milestones, product sales and other specified objectives.

Investing activities used cash of $49.0 million for the year ended December 31, 2020 and $4.5 million for the year ended December 31, 2019 respectively. These changes primarily resulted from net investment activity from purchases and sales or maturities of investments for those respective periods. The increase in purchases of investments during the year ended December 31, 2020 resulted primarily from the investment of cash proceeds from the public offering of common stock in December 2020.

Financing activities provided cash of $188.8 million for the year ended December 31, 2020. This was primarily due to the $159.4 million in net proceeds we received from the public offering of our common stock in December 2020, $16.0 million in net proceeds from our registered direct offering in June 2020, aggregate net proceeds of $8.1 million under our sales agreement with Aspire Capital, aggregate net proceeds of $7.9 million under our prior sales agreement with JonesTrading, aggregate net proceeds of $0.8 million from the issuance of common stock under our equity compensation plans and net proceeds of $0.9 million from the PPP Loan. In addition, we made payments of $4.3 million related to the royalty interest purchase agreement with Oberland Capital.

Financing activities used cash of $23.3 million for the year ended December 31, 2019. This was primarily due to the $65.0 million in gross proceeds we received from Oberland Capital which was partially offset by $37.2 million in payments made to terminate our credit agreement with HealthCare Royalty Partners. For more information, see Note 9, “Liability Related to the Sale of Future Royalties,” to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data,” of this annual report on Form 10-K. In addition, we made payments of $2.2 million related to the royalty interest purchase agreement with Oberland Capital and we made principal payments on Curis Royalty's loan with HealthCare Royalty of $1.8 million and received $0.1 million in proceeds from the sale of common stock related to our stock-based compensation plans.

Funding Requirements

We have incurred significant losses since our inception. As of December 31, 2020, we had an accumulated deficit of approximately $1.0 billion. We will require substantial funds to continue our research and development programs and to fulfill our planned operating goals. Our planned operating and capital requirements currently include the support of our current and future research and development activities for CA-4948 and CI-8993 as well as development candidates we have and continue to license under our collaborations with Aurigene and ImmuNext. We will require substantial additional capital to fund the further development of these programs, as well as to fund our general and administrative costs and expenses. Moreover, our agreements with collaborators impose significant potential financial obligations on us. For example, under our collaboration, license and option agreement with Aurigene, we are required to make milestone, royalty and option fee payments for discovery, research and preclinical development programs that will be performed by Aurigene, which impose significant potential financial obligations on us. In addition, if we choose to exercise our option under the option and license agreement with ImmuNext, or the ImmuNext Agreement, we will be required to make milestone, royalty, and option fee payments in connection with the development of CI-8993.

Based upon our current operating plan, we believe that our existing cash, cash equivalents and investments of $183.1 million as of December 31, 2020, should enable us to fund our operating expenses and capital expenditure requirements into 2024. We have based this assessment on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect. If we are unable to obtain sufficient funding, we will be forced to delay, reduce in scope or eliminate some of our research and development programs, including related clinical trials and operating expenses, potentially delaying the time to market for, or preventing the marketing of, any of our product candidates, which could adversely affect our business prospects and our ability to continue operations, and would have a negative impact on our financial condition and our ability to pursue our business strategies. Our ability to raise additional funds will depend on financial, economic and market conditions, many of which are outside of our control, and we may be unable to raise financing when needed, or on terms favorable to us, or at all. Furthermore, high volatility in the capital markets resulting from the COVID-19 pandemic has had, and could continue to have, a negative impact on the price of our common stock, and could adversely impact our ability to raise additional funds. In addition, we may seek to engage in one or more strategic alternatives, such as a strategic partnership with one or more parties, the licensing, sale or divestiture of some of our assets or proprietary technologies or the sale of our company, but there can be no assurance that we would be able to enter into such a transaction or transactions on a timely basis or on terms favorable to us, or at all. Our failure to raise capital through a financing or strategic alternative as and when needed would have a negative impact on our financial condition and our ability to pursue our business strategy. If we are unable to raise sufficient capital we would be unable to fund our operations and may be required to evaluate alternatives, which could include dissolving and liquidating our assets or seeking protection under the bankruptcy laws, and a determination to file for

bankruptcy could occur at a time that is earlier than when we would otherwise exhaust our cash resources. If we decide to dissolve and liquidate our assets or to seek protection under the bankruptcy laws, it is unclear to what extent we would be able to pay our obligations, and, accordingly, it is further unclear whether and to what extent any resources would be available for distributions to stockholders.

Furthermore, there are a number of factors that may affect our future capital requirements and further accelerate our need for additional working capital, many of which are outside our control, including the following:

- unanticipated costs in our research and development programs;
- the timing and cost of obtaining regulatory approvals for our drug candidates and maintaining compliance with regulatory requirements;
- payments due to licensors, including Aurigene and ImmuNext if we exercise our option under the ImmuNext Agreement, for patent rights and technology used in our drug development programs;
- the costs of commercialization activities for any of our drug candidates that receive marketing approval, to the extent such costs are our responsibility, including the costs and timing of establishing drug sales, marketing, distribution and manufacturing capabilities;
- unplanned costs to prepare, file, prosecute, defend and enforce patent claims and other patent-related costs, including litigation costs and technology license fees;
- unexpected losses in our cash investments or an inability to otherwise liquidate our cash investments due to unfavorable conditions in the capital markets;
- impacts resulting from the COVID-19 pandemic and responsive actions relating thereto; and
- our ability to continue as a going concern.

To become and remain profitable, we, either alone or with collaborators, must develop and eventually commercialize one or more drug candidates with significant market potential. This will require us to be successful in a range of challenging activities, including completing preclinical testing and clinical trials of our drug candidates, obtaining marketing approval for these drug candidates, manufacturing, marketing and selling those drugs for which we may obtain marketing approval and satisfying any post marketing requirements. We may never succeed in these activities and, even if we do, may never generate revenues that are significant or large enough to achieve profitability. Other than Erivedge, which is being commercialized by Genentech and Roche, our most advanced drug candidates are currently only in early clinical testing.

For the foreseeable future, we will need to spend significant capital in an effort to develop and commercialize products and we expect to incur substantial operating losses. Our failure to become and remain profitable would, among other things, depress the market price of our common stock and could impair our ability to raise capital, expand our business, diversify our research and development programs or continue our operations.

Contractual Obligations

As of December 31, 2020 we had contractual obligations and other commitments as follows:

	Payment Due By Period (amounts in 000's)				
	Total	Less than One Year	One to Three Years	Three to Five Years	More than Five Years
Operating lease obligations (1)	$ 8,762	$ 2,256	$ 2,322	$ 2,463	$ 1,721
Outside service obligations (2)	737	433	304	—	—
Licensing obligations (3)	334	316	18	—	—
Total future obligations	$ 9,833	$ 3,005	$ 2,644	$ 2,463	$ 1,721

(1) On December 1, 2019, we entered into a new lease for our administrative, research and development requirements located at 128 Spring Street in Lexington, Massachusetts consisting of 21,772 square feet. The lease will expire in seven years from the commencement date which occurred in the second quarter of 2020. In addition to the base rent, we are responsible for our share of operating expenses and real estate taxes, in accordance with the terms of the lease agreement. Amounts include contractual rent payments as defined in the agreement.

(2) Outside service obligations consist of agreements we have with outside labs, consultants and various other service organizations. Obligations to clinical research organizations, medical centers and hospitals conducting our clinical trials are included in our financial statements for costs incurred as of December 31, 2020. Our obligations under these types

of arrangements are limited to actual costs incurred for services performed and do not include any contingent or milestone payments.

(3) Licensing obligations include only obligations that are known to us as of December 31, 2020. In the future, we may owe royalties and other contingent payments to our licensors based on the achievement of developmental milestones, product sales, and other specified objectives. These future obligations, including those related to Aurigene, Genentech, ImmuNext, Debiopharm and LLS, are not reflected in the table above as these payments are contingent upon achievement of developmental and commercial milestones, the likelihood and timing of which cannot be reasonably estimated at this time. These contingent obligations are further described under the "Our Collaborations and License Agreements" section.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as of December 31, 2020.

Inflation

We believe that inflation has not had a significant impact on our revenue and results of operations since inception.

New Accounting Pronouncements

See Note 2 to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data," of this annual report on Form 10-K for a description of recent accounting pronouncements applicable to our business.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934, as amended, as a process designed by, or under the supervision of, our principal executive and principal financial officers 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:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of management and our board of directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2020. In making this assessment our management used the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO.

Based on our assessment, management concluded that, as of December 31, 2020, our internal control over financial reporting is effective based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by COSO.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report on internal control over financial reporting was not subject to attestation by our registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report on internal control over financial reporting in this annual report.

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Curis, Inc. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of operations and comprehensive loss, of stockholders' equity (deficit) and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated 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 of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

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

Liability related to the sale of future royalties

As described in Note 9 to the consolidated financial statements, the Company entered into a royalty interest purchase agreement ("Oberland Purchase Agreement") in 2019 with entities managed by Oberland Capital Management, LLC ("Oberland"). The Company sold to Oberland a portion of its rights to receive royalties from Genentech on potential net sales of Erivedge. As a result of the obligation to pay future royalties to Oberland, management recorded the proceeds from this transaction as a liability on its consolidated balance sheet that will be accounted for using the interest method over the estimated life of the Oberland Purchase Agreement. Management determined the fair value of the liability related to the sale of future royalties at the time of the Oberland Purchase Agreement to be $65.0 million. As of December 31, 2020, the liability related to the sale of future royalties was $58.2 million. The projected amount of royalty payments expected to be paid to Oberland involves the use of significant estimates and assumptions with respect to the revenue growth rate in the Company's projections of sales of Erivedge.

The principal considerations for our determination that performing procedures relating to the liability related to the sale of future royalties is a critical audit matter are (i) there was a high degree of auditor judgment and subjectivity in applying procedures relating to the fair value measurement of the liability due to the significant amount of judgment by management when developing the estimate and (ii) significant audit effort was required in evaluating the revenue growth rate and in evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures also included, among others, testing management's process for estimating the fair value of the liability related to the sale of future royalties and testing management's cash flow projections used to estimate the fair value of the liability. Testing management's process included evaluating the appropriateness of the valuation method, testing the completeness and accuracy of data provided by management, and evaluating the reasonableness of the revenue growth rate significant assumption. Evaluating the reasonableness of the revenue growth rate involved (i) testing historical royalty payments received from Genentech, (ii) confirming information and amounts directly with Genentech, including evaluating this information for consistency with the contractual terms of the agreement, and (iii) testing management's process for estimating future Erivedge sales by comparing prior period revenue estimates to actual revenue amounts based on payments received.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
March 16, 2021

We have served as the Company's auditor since 2002.

CURIS, INC. AND SUBSIDIARIES

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

	December 31,	
	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 129,610	$ 15,430
Restricted cash, short-term	—	153
Short-term investments	38,884	5,113
Accounts receivable	3,043	3,244
Prepaid expenses and other current assets	1,215	1,063
Total current assets	172,752	25,003
Long-term investments	14,564	—
Property and equipment, net	663	154
Restricted cash, long-term	816	816
Operating lease right-of-use asset	6,578	149
Goodwill	8,982	8,982
Other assets	3	3
Total assets	$ 204,358	$ 35,107
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 4,166	$ 4,465
Accrued liabilities	3,625	1,910
Current portion of operating lease liability	1,731	166
Current portion of long-term debt	557	—
Total current liabilities	10,079	6,541
Long-term operating lease liability	5,040	—
Liability related to the sale of future royalties, net	58,235	62,477
Long-term debt, net	334	—
Total liabilities	73,688	69,018
Stockholders' equity (deficit):		
Common stock, $0.01 par value—151,875,000 shares authorized, 91,502,461 shares issued and outstanding at December 31, 2020; 101,250,000 shares authorized, 33,241,793 shares issued and outstanding at December 31, 2019	915	332
Additional paid-in capital	1,176,647	982,738
Accumulated deficit	(1,046,889)	(1,016,981)
Accumulated other comprehensive loss	(3)	—
Total stockholders' equity (deficit)	130,670	(33,911)
Total liabilities and stockholders' equity (deficit)	$ 204,358	$ 35,107

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

CURIS, INC. AND SUBSIDIARIES

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

	Years Ended December 31,	
	2020	**2019**
Revenues, net:		
Royalties	$ 10,724	$ 10,418
Other revenue	214	$ —
Contra revenue, net	(103)	(414)
Total revenues, net	10,835	10,004
Costs and expenses:		
Cost of royalties	534	503
Research and development	23,068	22,302
General and administrative	12,131	11,555
Total costs and expenses	35,733	34,360
Loss from operations	(24,898)	(24,356)
Other expense:		
Loss on debt extinguishment	—	(3,495)
Interest income	63	614
Imputed interest expense related to the sale of future royalties	(5,095)	(4,055)
Interest expense, debt	—	(791)
Other income (expense), net	22	(58)
Total other expense	(5,010)	(7,785)
Net loss	$ (29,908)	$ (32,141)
Net loss per common share (basic and diluted)	$ (0.61)	$ (0.97)
Weighted average common shares (basic and diluted)	48,670,381	33,180,516
Comprehensive loss:		
Unrealized net loss on marketable securities	$ (3)	$ —
Total comprehensive loss	$ (29,911)	$ (32,141)

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

CURIS, INC. AND SUBSIDIARIES

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

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity (Deficit)
	Shares	Amount				
December 31, 2018	33,159,253	332	980,012	(984,840)	—	(4,496)
Issuances of common stock upon the exercise of stock options and for purchases under the ESPP	91,013	—	68	—	—	68
Recognition of stock-based compensation	—	—	2,658	—	—	2,658
Cancellation of restricted stock awards	(8,473)	—	—	—	—	—
Net loss	—	—	—	(32,141)	—	(32,141)
Balance, December 31, 2019	33,241,793	$ 332	$ 982,738	$ (1,016,981)	$ —	$ (33,911)
Recognition of stock-based compensation	—	—	2,698	—	—	2,698
Issuances of common stock upon the exercise of stock options and for purchases under the ESPP	80,544	—	58	—	—	58
Issuance of stock in connection with Aspire Capital Agreement, net of issuance costs	7,990,516	81	8,018	—	—	8,099
Issuance of shares in connection with Capital on Demand™ Sales Agreement, net of issuance costs	6,298,648	63	7,851	—	—	7,914
Issuance of stock under registered direct offering, net of issuance costs	14,000,000	140	15,825	—	—	15,965
Issuance of common stock under registration statement, net of issuance costs	29,500,000	295	158,736	—	—	159,031
Exercise of stock options	390,960	4	723	—	—	727
Unrealized loss on marketable securities	—	—	—	—	(3)	(3)
Net loss	—	—	—	(29,908)	—	(29,908)
December 31, 2020	91,502,461	$ 915	$ 1,176,647	$ (1,046,889)	$ (3)	$ 130,670

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

CURIS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(In thousands)

	Years Ended December 31,	
	2020	**2019**
Cash flows from operating activities:		
Net loss	$ (29,908)	$ (32,141)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	144	125
Non-cash lease expense	177	(45)
Stock-based compensation expense	2,698	2,658
Amortization of debt issuance costs	—	8
Non-cash imputed interest expense related to the sale of future royalties	45	287
Non-cash interest expense (income) on investments	33	(64)
Loss on extinguishment of debt	—	3,495
Loss on disposal of fixed assets	24	29
Changes in operating assets and liabilities:		
Accounts receivable	201	(380)
Prepaid expenses and other assets	(153)	(237)
Accounts payable and accrued and other liabilities	1,000	60
Total adjustments	4,169	5,936
Net cash used in operating activities	(25,739)	(26,205)
Cash flows from investing activities:		
Purchases of investments	(53,449)	(11,465)
Sales and maturities of investments	5,078	7,050
Purchases of property and equipment	(677)	(41)
Net cash used in investing activities	(49,048)	(4,456)
Cash flows from financing activities:		
Proceeds from PPP Loan	891	—
Proceeds of Aspire Capital Agreement, net of issuance costs	8,099	—
Proceeds of registered direct offering	17,500	—
Payment of issuance costs for registered direct offering	(1,535)	—
Proceeds from issuance of common stock associated with Capital on Demand™ Sales Agreement	8,176	—
Payment of issuance costs associated with Capital on Demand™ Sales Agreement	(262)	—
Proceeds from public offering of common stock, net of offering costs	159,447	—
Proceeds from royalty interest purchase agreement with Oberland Capital Management	—	65,000
Payment of transaction costs on royalty interest purchase agreement	—	(584)
Proceeds from issuance of common stock under the Company's stock-based compensation plans	785	68
Payment of liability of future royalties, net of imputed interest	(4,287)	(2,226)
Payment on termination of credit agreement with HealthCare Royalty Partners, III, L.P.	—	(37,162)
Payments made on Curis Royalty's debt	—	(1,825)
Net cash provided by financing activities	188,814	23,271
Net (decrease) increase in cash and cash equivalents and restricted cash	114,027	(7,390)
Cash and cash equivalents and restricted cash, beginning of period	16,399	23,789
Cash and cash equivalents and restricted cash, end of period	$ 130,426	$ 16,399
Supplemental cash flow data:		
Issuance costs in accounts payable	416	—
Non-cash commitment shares issued to Aspire Capital	900	—
Cash paid for interest	5,050	4,716
Right-of-use assets obtained in exchange for lease liabilities	7,169	—

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

Notes to Consolidated Financial Statements

(1) Nature of Business

Curis, Inc. is a biotechnology company focused on the development of first-in-class and innovative therapeutics for the treatment of cancer. Throughout these consolidated financial statements, Curis, Inc. and our wholly owned subsidiaries are collectively referred to as "the Company," "Curis," "we," "us," or "our."

The Company conducts its research and development programs both internally and through strategic collaborations. The Company's clinical stage drug candidates:

- CA-4948, a small molecule inhibitor of Interleukin-1 receptor-associated kinase 4, or IRAK4, which is currently undergoing testing in a Phase 1 open-label dose escalating clinical trial in patients with non-Hodgkin lymphomas and a separate Phase 1 open-label, single arm dose escalating trial in patients with acute myeloid leukemia and myelodysplastic syndromes. Both trials were ongoing as of December 31, 2020.
- CI-8993, a monoclonal antibody designed to antagonize the V-domain Ig suppressor of T cell activation ("VISTA") signaling pathway. In June 2020, the Company announced that the U.S. Food and Drug Administration, or FDA, had cleared its Investigational New Drug ("IND") application for CI-8993. In September 2020, enrollment for a Phase 1a/1b trial in patients with solid tumors commenced. The Company has an option to license CI-8993 from ImmuNext, Inc. ("ImmuNext").

The Company's pipeline also includes the following:

- Fimepinostat, a small molecule that potently inhibits the activity of histone deacetylase and phosphotidyl-inositol 3 kinase enzymes, which has been granted Orphan Drug Designation and Fast Track Designation for the treatment of MYC-altered diffuse large B-cell lymphoma, by the FDA in April 2015 and May 2018, respectively. The Company is currently evaluating future studies for fimepinostat.
- CA-170, a small molecule antagonist of VISTA and PDL1, for which the Company announced initial data from a clinical study in patients with mesothelioma, in conjunction with the Society of lmmunotherapy of Cancer conference in November 2019. Based on this data, no further patients will be enrolled in the study. The Company is currently evaluating future studies for CA-170.
- CA-327, a small molecule antagonist of TIM3 and PDL1, is a pre- IND stage oncology drug candidate.

The Company is party to a collaboration with Genentech Inc. ("Genentech"), a member of the Roche Group, under which Genentech and F. Hoffmann-La Roche Ltd ("Roche") are commercializing Erivedge® (vismodegib), a first-in-class orally administered small molecule Hedgehog signaling pathway antagonist. Erivedge is approved for the treatment of advanced basal cell carcinoma ("BCC").

In January 2015, the Company entered into an exclusive collaboration, with Aurigene Discovery Technologies Limited ("Aurigene") for the discovery, development and commercialization of small molecule compounds in the areas of immuno-oncology and precision oncology, which was amended in September 2016 and February 2020.

As of December 31, 2020, the Company had licensed four programs under the Aurigene collaboration.

- IRAK4 Program - a precision oncology program of small molecule inhibitors of IRAK4. The development candidate is CA-4948, an orally available small molecule inhibitor of IRAK4.
- PD1/VISTA Program - an immuno-oncology program of small molecule antagonists of PD1 and VISTA immune checkpoint pathways. The development candidate is CA-170, an orally available small molecule antagonist of VISTA and PDL1.
- PD1/TIM3 Program - an immuno-oncology program of small molecule antagonists of PD1 and TIM3 immune checkpoint pathways. The development candidate is CA-327, an orally available small molecule antagonist of PDL1 and TIM3.
- In March 2018, the Company exercised its option to license a fourth program, which is an immuno-oncology program.

The COVID-19 pandemic, which began in December 2019, has had and may continue to have an adverse effect on the Company's business, financial condition, results of operations, and prospects. With respect to ongoing clinical trials, the anticipated timing of enrollment and the overall timelines of the trials have experienced delays and could be further delayed to the extent the Company experiences further delays in enrollment due to the COVID-19 pandemic and the Company's ability to collect patient data in a timely fashion may also be impacted. The Company is also experiencing delays in closing down its

clinical trial sites related to its fimepinostat and CA-170 trials due to restrictions on non-essential workers imposed at those sites in response to COVID-19, which has delayed the winding down of these trials and may result in additional costs and expenses. In addition, the Company and its collaborators, third-party contract manufacturers, contract research organizations and clinical sites could experience delays or disruptions in supply and release of product candidates and/or procuring items that are essential for its research and development activities, including, for example, raw materials used in the manufacturing of its product candidates, basic medical and laboratory supplies used in its clinical trials or preclinical studies, or animals that are used for preclinical testing, in each case, for which there may be shortages because of ongoing efforts to address the outbreak. The Company cannot be certain what the overall impact of the COVID-19 pandemic will be on its business.

The Company is subject to risks common to companies in the biotechnology industry as well as risks that are specific to the Company's business, including, but not limited to: the Company's ability to obtain adequate financing to fund its operations; the Company's ability to advance and expand its research and development programs; the impacts of the COVID-19 pandemic and responsive actions related thereto; the Company's relationship with Aurigene to support development of drug candidates under the parties' collaboration agreement; the Company's reliance on Roche and Genentech to successfully commercialize Erivedge in the approved indication of advanced BCC and to progress its clinical development in indications other than BCC; the ability of the Company and its wholly owned subsidiary, Curis Royalty, LLC ("Curis Royalty") to satisfy the terms of the royalty interest purchase agreement (the "Oberland Purchase Agreement") with TPC Investments I LP and TPC Investments II LP, referred to as the Purchasers, each of which is a Delaware limited partnership managed by Oberland Capital Management, LLC, and Lind SA LLC, referred to as the Agent, a Delaware limited liability company managed by Oberland Capital Management, LLC, as collateral agent for the Purchasers; the Company's ability to obtain and maintain necessary intellectual property protection; development by the Company's competitors of new or better technological innovations; the Company's dependence on key personnel; the Company's ability to comply with regulatory requirements; the Company's ability to obtain and maintain applicable regulatory approvals and commercialize any approved product candidates; the Company's ability to execute on its overall business strategies and the Company's ability to maintain its listing on the Nasdaq Global Stock Market.

The Company's future operating results will largely depend on the progress of drug candidates currently in its development pipeline and the magnitude of payments that it may receive and make under its current and potential future collaborations. The results of the Company's operations have varied and will likely continue to vary significantly from year to year and quarter to quarter and depend on a number of factors, including, but not limited to: the timing, outcome and cost of the Company's preclinical studies and clinical trials for its drug candidates; Aurigene's ability to support advancement of development candidates under the Company's collaboration with Aurigene, as well as the Company's ability to further develop programs under this collaboration; and Roche and Genentech's ability to successfully commercialize Erivedge.

The Company will require substantial funds to maintain research and development programs and support operations. The Company has incurred losses and negative cash flows from operations since its inception. As of December 31, 2020, the Company had an accumulated deficit of approximately $1.0 billion, incurred a loss of $29.9 million and used $25.7 million of cash in operations. The Company expects to continue to generate operating losses in the foreseeable future. The Company anticipates that its $183.1 million of existing cash, cash equivalents and investments at December 31, 2020 will be sufficient to fund operations for at least 12 months from the date of issuance of these financial statements.

The Company's ability to raise additional funds will depend, among other factors, on financial, economic and market conditions, many of which are outside of its control and it may be unable to raise financing when needed, or on terms favorable to the Company. If necessary funds are not available, the Company will have to delay, reduce the scope of, or eliminate some of its development programs, potentially delaying the time to market for or preventing the marketing of any of its product candidates.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the U.S. ("GAAP") and include the accounts of our wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

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

(b) Use of Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosure of revenue, expenses and certain assets and liabilities at the balance sheet date. Such estimates include revenue recognition, including estimates related to the performance obligations under the Company's collaboration agreements; the estimated repayment term of the Company's debt and related short and long-term classification; the collectability of receivables; the carrying value of property and equipment and goodwill; the assumptions used in the Company's valuation of stock-based compensation and the value of certain investments and liabilities. Actual results may differ from such estimates.

The extent to which COVID-19 has had and may continue to have impacts on the Company's business and financial results will depend on numerous evolving factors including, but not limited to: the magnitude and duration of the COVID-19 pandemic, the extent to which it will impact worldwide macroeconomic conditions including interest rates, employment rates and health insurance coverage, the speed of the anticipated recovery, and governmental and business responses to the pandemic. The Company assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to the Company and the unknown future impacts of COVID-19 as of December 31, 2020 and through the date of this report. The Company's future assessment of the magnitude and duration of the COVID-19 pandemic, as well as other factors, could result in material impacts to the Company's consolidated financial statements in future reporting periods.

(c) Cash Equivalents, Restricted Cash, and Investments

Cash equivalents consist of highly liquid investments purchased with original maturities of three months or less. All other liquid investments are classified as marketable securities.

The Company classified $0.8 million and $1.0 million of its cash as restricted cash, as of December 31, 2020 and December 31, 2019. This amount represents the security deposit delivered to the respective landlords of the Company's current and former Lexington, Massachusetts headquarters.

The Company's combined cash and restricted cash balances were $130.4 million and $16.4 million as of December 31, 2020 and December 31, 2019, as presented on the Company's Consolidated Statements of Cash Flows.

The Company's short-term investments are marketable debt securities with original maturities of greater than three months from the date of purchase, but less than twelve months from the balance sheet date, and long-term investments are marketable debt securities with original maturities of greater than twelve months from the balance sheet. Marketable securities consist of commercial paper, corporate bonds and notes, and/or government obligations. All of the Company's investments have been designated available-for-sale and are stated at fair value. Unrealized gains and temporary losses on investments are included in accumulated other comprehensive income (loss) as a separate component of stockholders' deficit. Realized gains and losses, dividends and interest income are included in other income (expense) in the period during which the securities are sold. Any premium or discount arising at purchase is amortized and/or accreted to interest income.

(d) Concentrations and Significant Customer Information

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, marketable securities, and accounts receivable. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. Management believes that the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held. The Company's credit risk related to investments is reduced as a result of the Company's policy to limit the amount invested in any one issue. As of December 31, 2020, the Company did not have a material concentration in any single investment.

The Company's operations are located entirely within the U.S. The Company focus is primarily on the development of first-in-class and innovative therapeutics for the treatment of cancer. The Company's customer, Genentech, accounted for 98% and 100% of the total gross revenues for December 31, 2020 and December 31, 2019, respectively.

The Company's accounts receivable at December 31, 2020 and December 31, 2019 represents amounts due from collaborators, primarily for royalties earned on sales of Erivedge by Genentech and Roche.

The Company relies on third-parties to supply certain raw materials necessary to produce its drug candidates, including CA-4948, CI-8993, and fimepinostat, for preclinical studies and clinical trials. There are a small number of suppliers for certain raw materials that the Company uses to manufacture its drug candidates.

(e) Long-Lived Assets Other than Goodwill

Long-lived assets other than goodwill consist of property and equipment. The Company applies the guidance in FASB Codification Topic 360-10-05, *Impairment or Disposal of Long-Lived Assets*. If it were determined that the carrying value of the Company's other long-lived assets might not be recoverable based upon the existence of one or more indicators of impairment, the Company would measure an impairment based on the difference between the carrying value and fair value of the asset. The Company did not recognize any material impairment charges for the years ended December 31, 2020 or December 31, 2019.

Purchased equipment is recorded at cost. The Company does not currently hold any leased equipment. Depreciation and amortization are provided on the straight-line method over the estimated useful lives of the related assets or the remaining terms of the leases, whichever is shorter, as follows:

	Useful Life
Laboratory equipment, computers and software	3-5 years
Leasehold improvements	Lesser of lease or asset life
Office furniture and equipment	5 years

(f) Leases

In February 2016 the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, a standard issued to increase transparency and comparability among organizations related to their leasing activities. This standard established a right-of-use model that requires the recognition of right-of-use assets and lease liabilities for most leases as well as provides disclosure with respect to certain qualitative and quantitative information related to a company's leasing arrangements to meet the objective of allowing users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

The FASB subsequently issued the following amendments to ASU 2016-02 that have the same effective date and transition date: ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*, ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, and ASU No. 2019-01, *Leases (Topic 842): Codification Improvements*. The Company adopted these amendments with ASU 2016-02 (collectively, the new leasing standards) effective January 1, 2019.

The Company adopted the leasing standards using the modified retrospective transition approach, as of January 1, 2019, with no restatement of prior periods or cumulative adjustment to retained earnings. Upon adoption, the Company elected the package of transition practical expedients, which allowed Curis to carry forward prior conclusions related to whether any expired or existing contracts are or contain leases, the lease classification for any expired or existing leases and initial direct costs for existing leases. The Company also made an accounting policy election to not recognize leases with an initial term of 12 months or less within its consolidated balance sheets and to recognize those lease payments on a straight-line basis in its consolidated statements of income over the lease term. Upon adoption of the leasing standard Curis recognized an operating lease asset of approximately $1.0 million and a corresponding operating lease liability of approximately $1.1 million. The adoption of the leasing standard did not have an impact on the consolidated statement of income.

The Company determines if an arrangement is a lease at contract inception. Operating lease assets represent the Company's right to use an underlying asset for the lease term and operating lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the commencement date of the lease based upon the present value of lease payments over the lease term. When determining the lease term, the Company includes options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

As most of the Company's leases do not provide an implicit interest rate, the Company uses its incremental borrowing rate, which is based on rates that would be incurred to borrow on a collateralized basis over a term equal to the lease payments in a similar economic environment, in determining the present value of lease payments.

Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease payment used to determine the operating lease asset may include lease incentives, stated rent increases and was recognized as an operating lease right-of-use asset in the consolidated balance sheets. The Company's lease agreements may include both lease and non-lease components, which are accounted for as a single lease component when the payments are fixed. Variable payments included in the lease agreement are expensed as incurred.

The Company's operating lease is reflected in operating lease right-of-use asset and operating lease liability in the consolidated balance sheets. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

For additional information on the adoption of the new leasing standards, please read Note 7, Leases and Commitments, to these consolidated financial statements.

(g) Goodwill

As of both December 31, 2020 and December 31, 2019, the Company had recorded goodwill of $9.0 million. The Company applies the guidance in the FASB Codification Topic 350, *Intangibles—Goodwill and Other*. During each of December 31, 2020 and December 31, 2019, the Company completed its annual goodwill impairment tests and determined that the Company represented a single reporting unit and as of those dates the fair value of the Company exceeded the carrying value of its net assets. Accordingly, no goodwill impairment was recognized for the years ended December 31, 2020 and December 31, 2019.

(h) Revenue Recognition

The Company's business strategy includes entering into collaborative license and development agreements with biotechnology and pharmaceutical companies for the development and commercialization of the Company's drug candidates. The terms of the agreements typically include non-refundable license fees, funding of research and development, payments based upon achievement of clinical development and regulatory objectives, and royalties on product sales.

License Fees and Multiple Element Arrangements

If a license to its intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company will recognize revenues from non-refundable, up-front fees allocated to the license at such time as the license is transferred to the licensee and the licensee is able to use, and benefit from, the license. For licenses that are bundled with other promises, the Company utilizes judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue from non-refundable, up-front fees. The Company evaluates the measure of progress each reporting period and, if necessary, will adjust the measure of performance and related revenue recognition.

If the Company is involved in a steering committee as part of a multiple element arrangement, the Company assesses whether its involvement constitutes a performance obligation or a right to participate. Steering committee services that are not determined to be distinct performance obligations are combined with other research services or performance obligations required under an arrangement, if any, in determining the level of effort required in an arrangement and the period over which the Company expects to complete its aggregate performance obligations.

Appropriate methods of measuring progress include output methods and input methods. In determining the appropriate method for measuring progress, the Company considers the nature of service that it promises to transfer to the customer. When the Company decides on a method of measurement, the Company will apply that single method of measuring progress for each performance obligation satisfied over time and will apply that method consistently to similar performance obligations and in similar circumstances.

If the Company cannot reasonably measure its progress toward complete satisfaction of a performance obligation because the Company lacks reliable information that would be required to apply an appropriate method of measuring progress, but it can reasonably estimate when the performance ceases or the remaining obligations become inconsequential and perfunctory, then revenue is not recognized until the Company can reasonably estimate when the performance obligation ceases or becomes inconsequential. Revenue is then recognized over the remaining estimated period of performance.

Significant management judgment is required in determining the level of effort required under an arrangement and the period over which the Company is expected to complete its performance obligations under an arrangement.

Contingent Research Milestone Payments

ASC 606 constrains the amount of variable consideration included in the transaction price in that either all, or a portion, of an amount of variable consideration should be included in the transaction price. The variable consideration amount should be included only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The assessment of whether variable consideration should be constrained is largely a qualitative one that has two elements: the likelihood of a change in estimate, and the magnitude thereof. Variable consideration is not constrained if the potential reversal of cumulative revenue recognized is not significant, for example.

If the consideration in a contract includes a variable amount, a company will estimate the amount of consideration in exchange for transfer of promised goods or services. The consideration also can vary if a company's entitlement to the consideration is contingent on the occurrence or nonoccurrence of a future event. The Company considers contingent research milestone payments to fall under the scope of variable consideration, which should be estimated for revenue recognition purposes at the inception of the contract and reassessed ongoing at the end of each reporting period.

The Company assesses whether contingent research milestones should be considered variable consideration that should be constrained and thus not part of the transaction price. This includes an assessment of the probability that all or some of the milestone revenues could be reversed when the uncertainty around whether or not the achievement of each milestone is resolved, and the amount of reversal could be significant.

GAAP provides factors to consider when assessing whether variable consideration should be constrained. All of the factors should be considered, and no factor is determinative. The Company considers all relevant factors.

Reimbursement of Costs

Reimbursement of research and development costs by third-party collaborators is recognized as revenue over time provided the Company has determined that it transfers control (i.e. performs the services) of a service over time and, therefore, satisfies a performance obligation according to the provisions outlined in ASC 606-10-25-27, *Revenue Recognition*.

Royalty Revenue

Since the first quarter of 2012, the Company has recognized royalty revenues related to Genentech's and Roche's sales of Erivedge. For arrangements that include sales based royalties, including milestone payments based on the level of sales, and where the license is deemed to be the predominant item to which the royalties relate, the Company recognizes revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied). The Company expects to continue recognizing royalty revenue from Genentech's sales of Erivedge in the U.S. and in other markets where Genentech and Roche successfully obtain marketing approval, if any (see Note 11). However, a portion of potential Erivedge royalties will be paid to the Purchasers pursuant to the Oberland Purchase Agreement (see Note 9).

Contra Revenue, Net

Contra revenue, net represents shared costs, primarily related to intellectual property, with the Company's collaboration partners, and reserves for potential royalty reductions.

With respect to each of the foregoing areas of revenue recognition, the Company exercises significant judgment in determining whether an arrangement contains multiple elements, and, if so, how much revenue is allocable to each element. In addition, the Company exercises its judgment in determining when its significant obligations have been met under such agreements and the specific time periods over which the Company recognized revenue, such as non-refundable, up-front license fees. To the extent that actual facts and circumstances differ from the Company's initial judgments, its revenue recognition with respect to such transactions would change accordingly and any such change could affect the Company's reported financial results.

(i) Cost of Royalties

The Company recognizes cost of royalties on Erivedge royalty revenue earned from Genentech related to obligations to third-party university licensors. The Company is also incurring research and development expenses under this collaboration related to the maintenance of these third-party licenses to certain background technologies. In addition, the Company records research and development expense for obligations to certain third-party university licensors upon earning payments from Genentech related to the achievement of clinical development and regulatory objectives under this collaboration.

(j) *Research and Development*

Research and development expense consists of costs incurred to discover, research and develop drug candidates. These expenses primarily include: (1) salaries and related expenses for personnel including stock-based compensation expense; (2) outside service costs, including clinical research organizations and contract manufacturing costs, among others; (3) sublicense payments; and (4) the costs of supplies and reagents, consulting, and occupancy and depreciation charges. The Company expenses research and development costs as they are incurred.

(k) Basic and Diluted Loss per Common Share

Basic and diluted net losses per share were determined by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted net loss per common share is the same as basic net loss per common share for all periods presented, as the effect of the potential common stock equivalents is antidilutive due to the Company's net loss position for all periods presented.

	For the Year Ended December 31,	
	2020	2019
Stock options outstanding	8,668,005	6,158,026
Total antidilutive securities	8,668,005	6,158,026

(l) Stock-Based Compensation

The Company accounts for stock-based compensation transactions using a grant-date fair-value based method under FASB Codification Topic 718, *Compensation-Stock Compensation*.

The Company measures compensation cost for stock-based compensation at fair value, including an estimate of forfeitures and recognizes the expense as compensation expense over the period that the recipient is required to provide service in exchange for the award, which generally is the vesting period. The Company uses the Black-Scholes option pricing model to measure the fair value of stock options. This model requires significant estimates related to the award's expected life and future stock price volatility of the underlying equity security.

In determining the amount of expense to be recorded, the Company also estimates forfeiture rates for awards, based on the probability that employees will complete the required service period. The Company estimates the forfeiture rate based on historical experience. If actual forfeitures differ significantly from the Company's estimates, additional adjustments to compensation expense may be required in future periods. Ultimately, the actual expense recognized over the vesting period will only be for those shares that vest.

The expected volatility is based on the annualized daily historical volatility of the Company's stock price for a time period consistent with the expected term of each grant. Management believes that the historical volatility of the Company's stock price best represents the future volatility of the stock price. The risk-free rate is based on the U.S. Treasury yield in effect at the time of grant for the expected term of the respective grant. The Company has not historically paid cash dividends, and does not expect to pay cash dividends in the foreseeable future.

The stock price volatility and expected terms utilized in the calculation involve management's best estimates at that time, both of which impact the fair value of the option calculated under the Black-Scholes methodology and, ultimately, the expense that will be recognized over the life of the option. GAAP also requires that the Company recognize compensation expense for only the portion of options that are expected to vest. Therefore, management calculated an estimated annual pre-vesting forfeiture rate that is derived from historical employee termination behavior since the inception of the Company, as adjusted. If the actual number of forfeitures differs from those estimated by management, additional adjustments to compensation expense may be required in future periods.

(m) Comprehensive Loss

Comprehensive loss is comprised of net loss and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized holding gains and losses arising during the period on available-for-sale securities that are not other-than-temporarily impaired.

(n) Segment Reporting

The Company has determined that it operates in a single reportable segment, which is the research and development of innovative drug candidates for the treatment of human cancer. The Company expects that any products that are successfully developed and commercialized would be used in the healthcare industry and would be regulated in the United States by the FDA and in overseas markets by similar regulatory authorities.

(o) Interest Expense on Liability related to the Sale of Future Royalties

In March 2019 the Company entered into the Oberland Purchase Agreement with Oberland Capital. Pursuant to the terms of the Oberland Purchase Agreement the Company sold to Oberland a portion of its rights to receive royalties from Genentech on potential net sales of Erivedge. As a result of the obligation to pay future royalties to Oberland, the Company recorded the proceeds from this transaction as a liability on its Consolidated Balance Sheet that is accounted for using the interest method over the estimated life of the Oberland Purchase Agreement. As a result, the Company imputes interest on the transaction and records imputed interest expense at the estimated interest rate. The Company's estimate of the interest rate under the agreement is based on the amount of royalty payments expected to be received by Oberland over the life of the arrangement. On a quarterly basis, the Company assesses the expected royalty payments to Curis Royalty from Genentech using a combination of historical results and forecasts from market data sources. To the extent such payments are greater or less than the initial estimates or the timing of such payments is materially different than the original estimates, the Company will prospectively adjust the amortization of the liability.

(p) New Accounting Pronouncements

Recently Adopted

In August 2018, the Financial Accounting Standards Board ("FASB") issued ASU No. 2018-13, Fair Value Measurement, which modified the disclosure requirements for fair value measurement under ASC 820. The standard was effective for annual reporting periods and interim periods within those annual periods, beginning after December 15, 2019, with early adoption permitted. The Company adopted the standard effective January 1, 2020 with no material impact to its Consolidated Financial Statements.

Issued, Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This standard requires that for most financial assets, losses be based on an expected loss approach which includes estimates of losses over the life of exposure that considers historical, current and forecasted information. Expanded disclosures related to the methods used to estimate the losses as well as a specific disaggregation of balances for financial assets are also required. The targeted transition relief standard allows filers an option to irrevocably elect the fair value option of ASC 825-10, Financial Instruments-Overall, applied on an instrument-by-instrument basis for eligible instruments. In November 2019 the effective date for smaller reporting companies was extended to January 1, 2023 with the issuance of ASU 2019-10 Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842) Effective Dates. The Company is currently evaluating the effects of this standard and does not expect that adoption of this standard will have a material impact on its consolidated financial statements.

(3) Fair Value of Financial Instruments

The Company applies the provisions of ASC Topic 820, *Fair Value Measurements* ("ASC 820") for its financial assets and liabilities that are re-measured and reported at fair value each reporting period and the non-financial assets and liabilities that are re-measured and reported at fair value on a non-recurring basis. Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, the Company considers the principal or most advantageous market in which it would transact and consider assumptions that market participants would use when pricing the asset or liability. ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. Financial assets and liabilities are categorized within the valuation hierarchy based upon the lowest level of input that is significant to the measurement of fair value. The three levels of the hierarchy are defined as follows:

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

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

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

In accordance with the fair value hierarchy, the following table shows the fair value as of December 31, 2020 and December 31, 2019 of those financial assets and liabilities that are measured at fair value on a recurring basis, according to the valuation techniques the Company used to determine their fair value. No financial assets or liabilities are measured at fair value on a nonrecurring basis at December 31, 2020 and December 31, 2019.

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value
		(in thousands)		
As of December 31, 2020				
Cash equivalents:				
Money market funds	$ 115,278	$ —	$ —	$ 115,278
Short-term investments:				
Corporate commercial paper, bonds and notes	—	38,884	—	38,884
Long-term investments:				
Corporate commercial paper, bonds and notes	—	14,564	—	14,564
Total assets at fair value	$ 115,278	$ 53,448	$ —	$ 168,726

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value
		(in thousands)		
As of December 31, 2019				
Cash equivalents:				
Money market funds	$ 10,684	$ —	$ —	$ 10,684
US government obligations	—	550	—	550
Corporate commercial paper, stock, bonds and notes	—	300	—	300
Municipal bonds	—	90	—	90
Short-term investments:				
Corporate commercial paper, stock, bonds and notes	—	5,113	—	5,113
Total assets at fair value	$ 10,684	$ 6,053	$ —	$ 16,737

(4) Investments

The amortized cost, unrealized gains and losses and fair value of investments available-for-sale as of December 31, 2020 are as follows:

(in thousands)	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
Corporate bonds and notes—short-term	$ 38,888	$ —	$ (4)	$ 38,884
Corporate bonds and notes—long-term	14,563	1	—	14,564
Total investments	$ 53,451	$ 1	$ (4)	$ 53,448

The Company held no investments that have been in a continuous unrealized loss position for 12 months or longer. The Company evaluated its securities for other-than-temporary impairments based on quantitative and qualitative factors, and it considered the decline in market value for the applicable securities to be primarily attributable to current economic and market conditions. The Company will likely not be required to sell and does not intend to sell such securities before the recovery of its amortized cost bases. Based on the Company's analysis, it does not consider these investments to be other-than-temporarily impaired as of December 31, 2020.

Short-term investments have maturities ranging from one and twelve months with a weighted average maturity of 0.6 and at December 31, 2020. The weighted average maturity of long-term investments was 1.5 years at December 31, 2020.

The amortized cost, unrealized gains and losses and fair value of investments available-for-sale as of December 31, 2019 are as follows:

(in thousands)	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
Corporate bonds and notes—short-term	$ 5,113	$ —	$ —	$ 5,113
Total investments	$ 5,113	$ —	$ —	$ 5,113

Short-term investments have maturities ranging from one and twelve months with a weighted average maturity of 0.1 years at December 31, 2019.

(5) Property and Equipment, Net

Property and equipment consist of the following:

	December 31,	
(in thousands)	2020	2019
Laboratory equipment, computers and software	$ 1,736	$ 1,725
Leasehold improvements	214	185
Office furniture and equipment	779	331
	2,729	2,241
Less—Accumulated depreciation and amortization	(2,066)	(2,087)
Total	$ 663	$ 154

The Company recorded depreciation and amortization expense of $0.1 million for the years ended December 31, 2020 and December 31, 2019.

(6) Accrued Liabilities

Accrued liabilities consist of the following:

(in thousands)	December 31, 2020	December 31, 2019
Accrued compensation	$ 2,638	$ 1,413
Accrued license fees	375	—
Professional fees	307	289
Other	305	208
Total	$ 3,625	$ 1,910

(7) Leases and Commitments

(a) Operating Leases

The Company has a single lease for real estate, including laboratory and office space, and certain equipment. The lease for the current real estate property used for office, research and laboratory space located at 128 Spring Street in Lexington, Massachusetts commenced on May 1, 2020 which is the date when the property became available for use to the Company. In accordance with the accounting requirements under ASC 842, the lease obligation was not recorded until its commencement. In July 2020 the Company prospectively remeasured the lease as a result of the change to the timing of lease payments, the change was not material. The discount rate associated with the Company's right-of-use asset was 9.95%. The total cash obligation for the base rent over the seven year term of this lease is approximately $8.2 million, of which $0.7 million was paid during 2020.

All of the Company's leases qualify as operating leases. The following table summarizes the presentation in the Company's consolidated balance sheet for the operating leases:

Balance sheet location (in thousands)	As of December 31, 2020	As of December 31, 2019
Assets:		
Operating lease right-of-use asset	$ 6,578	$ 149
Liabilities:		
Operating lease liability - short-term	$ 1,731	$ 166
Operating lease liability - long-term	$ 5,040	$ —
Total operating liability	$ 6,771	$ 166

The following table summarized the effect of lease costs in our consolidated statements of income.

Income statement location (in thousands)	Year ended December 31, 2020	Year ended December 31, 2019
Operating lease cost		
Research and development	$ 1,061	$ 651
General and administrative	275	351
	1,336	$ 1,002

The Company's lease payments for the next five years and thereafter is expected to be as follows:

Year Ending December 31,	(in thousands)
2021	$ 2,256
2022	1,144
2023	1,178
2024	1,213
2025	1,250
Thereafter	1,721
Total lease payments	$ 8,762
Less: interest	1,991
Present value of operating lease liabilities	$ 6,771

(b) License Agreements

In exchange for the right to use licensed technology in its research and development efforts, the Company has entered into various license agreements. These agreements generally stipulate that the Company pay an annual license fee and is obligated to pay royalties on future revenues, if any, resulting from use of the underlying licensed technology. Such revenues may include, for example, up-front license fees, contingent payments upon collaborators' achievement of development and regulatory objectives, and royalties. In addition, some of the agreements commit the Company to make contractually defined payments upon the attainment of scientific or clinical milestones. The Company expenses these payments as they are incurred and expenses royalty payments as related future product sales or as royalty revenues are recorded. The Company accrues expenses for scientific and clinical objectives over the period that the work required to meet the respective objective is completed, provided that the Company believes that the achievement of such objective is probable. The Company did not incur license fee expenses within the "Research and development" line item of its "Costs and expenses" section of its consolidated statement of operations for the years ended December 31, 2020 or 2019. For the years ended December 31, 2020 and December 31, 2019, the Company also recognized $0.5 million and $0.5 million as cost of royalty revenues in its Consolidated Statements of Operations and Comprehensive Loss related to such obligations (see Note 11 (a)).

(8) Debt

On April 21, 2020, the Company entered into a promissory note evidencing an unsecured $0.9 million loan (the "PPP Loan") under the Paycheck Protection Program ("PPP"), of the Coronavirus Aid, Relief, and Economic Security Act, ("CARES Act").

The PPP Loan was made by Silicon Valley Bank ("SVB"). The term of the PPP Loan is 24-months. The interest rate on the PPP Loan is 1%. Interest and principal payments have been deferred to the third quarter of fiscal year 2021. The promissory note evidencing the PPP Loan contains customary events of default relating to, among other things, payment defaults, breach of representations and warranties, or provisions of the promissory note, and cross-default provisions. The occurrence of an event of default may result in the repayment of all amounts outstanding, collection of all amounts the Company owes, and/or filing suit and obtaining judgment against the Company.

Under the terms of the CARES Act and the Paycheck Protection Program Flexibility Act of 2020, PPP Loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payroll costs and mortgage interest, rent or utility costs and the maintenance of employee and compensation levels. No assurance is provided that the Company will obtain forgiveness of the PPP Loan in whole or in part. As of December 31, 2020, the Company recorded short- and long-term debt related to the PPP Loan of $0.6 million and $0.3 million, respectively. As of December 31, 2019 the Company had no debt.

(9) Liability Related to the Sale of Future Royalties

On March 22, 2019, the Company and Curis Royalty entered into the royalty interest purchase agreement ("Oberland Purchase Agreement") with entities managed by Oberland Capital Management, LLC (the "Purchasers"). The Company sold to the Purchasers a portion of its rights to receive royalties from Genentech on potential net sales of Erivedge. Concurrently with the closing of the Oberland Purchase Agreement Curis Royalty used a portion of the proceeds to terminate and repay the then existing loan with Healthcare Royalty.

As upfront consideration for the purchase of the royalty rights, at closing the Purchasers paid to Curis Royalty $65.0

million less certain transaction expenses. Curis Royalty will also be entitled to receive up to approximately $70.7 million in milestone payments based on sales of Erivedge as follows: (i) $17.2 million if the Purchasers and Curis Royalty receive aggregate royalty payments pursuant to the Oberland Purchase Agreement in excess of $18.0 million during the calendar year 2021, subject to certain exceptions and (ii) $53.5 million if the Purchasers receive payments pursuant to the Oberland Purchase Agreement in excess of $117.0 million on or prior to December 31, 2026.

The Oberland Purchase Agreement provides that after the occurrence of an event of default as defined under the security agreement by Curis Royalty, the Purchasers shall have the option, for a period of 180 days, to require Curis Royalty to repurchase a portion of certain royalty and royalty related payments, excluding a portion of non-U.S. royalties retained by Curis Royalty, referred to as the Purchased Receivables, at a price, referred to as the Put/Call Price, equal to a percentage, beginning at a low triple digit percentage and increasing over time up to a low mid triple digit percentage of the sum of the upfront purchase price and any portion of the milestone payments paid in a lump sum by the Purchasers, if any, minus certain payments previously received by the Purchasers with respect to the Purchased Receivables. Additionally, Curis Royalty shall have the option at any time to repurchase the Purchased Receivables at the Put/Call Price as of the date of such repurchase. No events of default existed as of December 31, 2020.

As a result of the obligation to pay future royalties to Oberland, the Company recorded the proceeds from this transaction as a liability on its Consolidated Balance Sheet that will be accounted for using the interest method over the estimated life of the Oberland Purchase Agreement. As a result, the Company imputes interest on the transaction and records imputed interest expense at the estimated interest rate. The Company's estimate of the interest rate under the agreement is based on the amount of royalty payments expected to be received by Oberland over the life of the arrangement. The projected amount of royalty payments expected to be paid to Oberland involves the use of significant estimates and assumptions with respect to the revenue growth rate in the Company's projections of sales of Erivedge. The Company periodically assesses the expected royalty payments to Curis Royalty from Genentech using a combination of historical results and forecasts from market data sources. To the extent such payments are greater or less than its initial estimates or the timing of such payments is materially different than its original estimates, the Company will adjust the amortization of the liability.

The Company determined the fair value of the liability related to the sale of future royalties at the time of the Oberland Purchase Agreement to be $65.0 million, with a current effective annual imputed interest rate of 8.2%. The Company incurred $0.6 million of transaction costs in connection with the agreement. These transaction costs will be amortized to imputed interest expense over the estimated term of the Oberland Purchase Agreement. The Company determined that the fair value assessment of the liability related to the sale of future royalties is a Level 3 assessment within the valuation hierarchy.

The following table shows the activity with respect to the liability related to the sale of future royalties during the year ended December 31, 2020:

(in thousands)		
Carrying value of liability related to the sale of future royalties at January 1, 2020	$	62,477
Amortization of capitalized issuance costs		61
Imputed interest expense recognized for the year ended December 31, 2020		5,034
Less: payments to Oberland Capital, LLC		(9,337)
Carrying value of liability related to the sale of future royalties at December 31, 2020	$	58,235

The following table shows the activity with respect to the liability related to the sale of future royalties during the year ended December 31, 2019:

(in thousands)		
Liability related to the sale of future royalties at March 22, 2019	$	65,000
Capitalized issuance costs, net		(584)
Imputed interest expense recognized for the year ended December 31, 2019		4,055
Less: payments to Oberland Capital, LLC		(5,994)
Carrying value of liability related to the sale of future royalties at December 31, 2019	$	62,477

(10) Common Stock

(a) 2020 Public Offering

In December 2020, the Company completed an underwritten public offering of 29,500,000 shares of the Company's common stock, including 3,847,826 shares issued and sold to the underwriters upon the exercise in full of their option to purchase additional shares, at a price of $5.75 per share, for aggregate gross proceeds of $169.6 million, before deducting placement agent fees and other offering expenses of $10.2 million. The securities in this transaction were offered pursuant to a shelf registration statement on Form S-3 (File No. 333-224627) that was filed with the United States Securities and Exchange Commission ("SEC") on May 3, 2018, and declared effective by the SEC on May 17, 2018 and an additional registration statement on Form S-3 (File No. 333-251211) filed pursuant to Rule 462(b) which became automatically effective on December 9, 2020.

(b) 2020 Registered Direct Offering

In June 2020, the Company entered into a securities purchase agreement with certain institutional investors, pursuant to which the Company issued and sold, in a registered direct offering, an aggregate of 14,000,000 shares of the Company's common stock at a purchase price per share of $1.25, for aggregate gross proceeds of $17.5 million, before deducting fees of $1.0 million paid to the placement agent and other offering expenses of $0.5 million paid by the Company. JonesTrading acted as the exclusive placement agent for the transaction, and the shares were offered by the Company pursuant to a universal shelf registration statement on Form S-3, which was filed with the SEC on May 3, 2018 and declared effective by the SEC on May 17, 2018 (File No. 333-224627), and a prospectus supplement thereunder.

(c) Charter Amendments

On June 4, 2020, the Company's stockholders approved an increase to the number of authorized shares of its common stock from 101,250,000 shares to 151,875,000 shares. The Company filed an amendment to its certificate of incorporation on June 4, 2020 to effect such an increase.

On May 23, 2019, the Company's stockholders approved an increase to the number of authorized shares of its common stock from 67,500,000 shares to 101,250,000 shares. The Company filed an amendment to its certificate of incorporation on May 23, 2019 to effect such increase.

(d) 2020 Sales Agreement with JonesTrading Institutional Services LLC

On March 4, 2020, the Company entered into a Capital on Demand™ Sales Agreement (the "Sales Agreement") with JonesTrading to sell from time to time up to $30.0 million of the Company's common stock through an "at-the-market" equity offering program under which JonesTrading acted as sales agent. Subject to the terms and conditions of the Sales Agreement, JonesTrading could sell the common stock by any method deemed to be an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), including sales made directly on the Nasdaq Global Market, on any other existing trading market for the common stock or to or through a market maker other than on an exchange. In addition, with the Company's prior written approval, JonesTrading could also sell the common stock by any other method permitted by law, including in privately negotiated transactions.

Pursuant to the terms of the Sales Agreement, the aggregate compensation payable to JonesTrading is 3% of the gross proceeds from sales of the common stock sold by JonesTrading pursuant to the Sales Agreement. Each party agreed in the Sales Agreement to provide indemnification and contribution against certain liabilities, including liabilities under the Securities Act, subject to the terms of the Sales Agreement.

The Company terminated this sales agreement effective as of December 9, 2020. The Company did not incur any termination penalties as a result of the termination. As of the effective date of the termination of the Sales Agreement, the Company had sold an aggregate of 6,298,648 shares of common stock under the sales agreement for aggregate gross proceeds of $8.3 million and net proceeds of $7.9 million after deducting commissions and offering expenses. The $21.7 million of common stock that remained unsold at the time of termination is no longer available.

(e) 2021 Sales Agreement with Cantor Fitzgerald & Co. and JonesTrading Institutional Services LLC

On March 16, 2021, the Company entered into a sales agreement (the "2021 Sales Agreement") with Cantor Fitzgerald & Co., or Cantor, and JonesTrading Institutional Services LLC , or JonesTrading, to sell from time to time up to $100.0 million of the Company's common stock through an "at the market offering" program under which Cantor and JonesTrading act as sales agents. Subject to the terms and conditions of the 2021 Sales Agreement, Cantor and JonesTrading can sell the common stock by any method deemed to be an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended (the "Securities Act").

Pursuant to the terms of the 2021 Sales Agreement, the aggregate compensation payable to each of Cantor and JonesTrading is 3% of the gross proceeds from sales of the common stock sold by Cantor or JonesTrading, as applicable, pursuant to the 2021 Sales Agreement. Each party agreed in the 2021 Sales Agreement to provide indemnification and contribution against certain liabilities, including liabilities under the Securities Act, subject to the terms of the 2021 Sales Agreement. To date, the Company has not made any sales of common stock pursuant to the 2021 Sales Agreement.

(a) Aspire Capital Fund LLC

On February 26, 2020, the Company entered into a common stock purchase agreement (the "Agreement") for the sale of up to $30.0 million of the Company's common stock with Aspire Capital. Under the terms of the Agreement, Aspire Capital has committed to purchase such shares of the Company's common stock at the Company's request, from time to time during a 30-month period at prices based on the market price at the time of each sale, subject to specified terms and limitations.

Aspire Capital made an initial investment of $3.0 million through the purchase of 2,693,965 shares of the Company's common stock. In 2020, Aspire Capital subsequently purchased an additional 4,650,000 shares of common stock for $5.4 million. In addition, in connection with entering into the agreement, the Company issued 646,551 shares of common stock to Aspire Capital as a commitment fee. As of December 31, 2020, a total of $21.6 million remained available under the agreement.

The Company has the right to sell up to 150,000 shares of common stock per day to Aspire Capital, which total may be increased by mutual agreement up to an additional 2,000,000 shares per day. The extent to which the Company may rely on Aspire Capital as a source of funding will depend on a number of factors, including the prevailing market price of its common stock and the extent to which it is able to secure working capital from other sources.

There are no warrants, derivatives, or other share classes associated with this Agreement. The Company will control the timing and amount of the further sale of its common stock to Aspire Capital. There are no restrictions on future financings and there are no financial covenants, participation rights, rights of first refusal, or penalties in the Agreement. The Company has the right to terminate the Agreement at any time without any additional cost or penalty.

The Company also entered into a Registration Rights Agreement with Aspire Capital in connection with its entry into the Agreement.

(b) 2015 Sales Agreement with Cowen

On July 2, 2015, the Company entered into a sales agreement with Cowen, pursuant to which the Company could sell from time to time up to $30.0 million of the Company's common stock through an "at-the-market" equity offering program under which Cowen was to act as sales agent. The Company did not sell shares of common stock under this sales agreement during the years ended December 31, 2019 or December 31, 2020.

In connection with entering in the sales agreement with JonesTrading in 2020, the Company terminated its sales agreement with Cowen and the "at-the-market" equity offering program in March 2020, and the 2015 sales agreement is no longer available for use by the Company.

(11) Research and Development Collaborations

(a) Genentech

In June 2003, the Company licensed its proprietary Hedgehog pathway antagonist technologies to Genentech for human therapeutic use. The primary focus of the collaborative research plan has been to develop molecules that inhibit the Hedgehog pathway for the treatment of various cancers. The collaboration is currently focused on the development of Erivedge, which is being commercialized by Genentech in the U.S. and by Genentech's parent company, Roche, in several other countries for the treatment of advanced BCC. Pursuant to the agreement, the Company is eligible to receive up to an aggregate of $115.0 million in contingent cash milestone payments, exclusive of royalty payments, in connection with the development of Erivedge or another small molecule Hedgehog pathway inhibitor, assuming the successful achievement by Genentech and Roche of specified clinical development and regulatory objectives. Of this amount, the Company has received $59.0 million in cash milestone payments as of December 31, 2020.

In addition to these payments and pursuant to the collaboration agreement, the Company, is entitled to a royalty on net sales of Erivedge that ranges from 5% to 7.5%. The royalty rate applicable to Erivedge may be decreased by 2% on a country-by-country basis in certain specified circumstances, including when a competing product that binds to the same molecular target as Erivedge is approved by the applicable regulatory authority in another country and is being sold in such country, by a third-party for use in the same indication as Erivedge, or, when there is no issued intellectual property covering Erivedge in a territory in which sales are recorded. In 2015, the FDA and the European Medicine Agency's Committee for Medicinal Products for Human Use, approved another Hedgehog signaling pathway inhibitor, Odomzo® (sonidegib), which is marketed by

Sun Pharmaceutical Industries Ltd., for use in locally advanced BCC. Beginning in the fourth quarter of 2015, Genentech applied the 2% royalty reduction on U.S. sales of Erivedge as a result of the first commercial sale of Odomzo in the U.S. and the Company anticipates that Genentech will reduce by 2% royalties on net sales of Erivedge outside of the United States on a country-by-country basis to the extent that sonidegib is approved by the applicable country's regulatory authority and is being sold in such country. However, pursuant to the Oberland Purchase Agreement, the Company has retained its rights with respect to the 2% of royalties that are subject to such reduction in countries where such reduction has not occurred, subject to the terms and conditions of the Oberland Purchase Agreement (the "Retained Royalty Amounts").

In March 2017, the Company and Curis Royalty entered into a credit agreement with HealthCare Royalty Partners III, L.P. ("HealthCare Royalty") for the purpose of refinancing and terminating the loan from BioPharma-II. Accordingly, HealthCare Royalty made a $45.0 million loan at an annual interest rate of 9.95% to Curis Royalty, which was used in part to pay off $18.4 million in remaining loan obligations to BioPharma-II under the prior loan with the residual proceeds of $26.6 million distributed to the Company as sole equity member of Curis Royalty. The final maturity date of the loan was the earlier of such date that the principal is paid in full, or Curis Royalty's right to receive royalties under the collaboration agreement with Genentech is terminated. On March 22, 2019, the Company and Curis Royalty terminated, and repaid in full all amounts outstanding under, the loan with HealthCare Royalty.

The Company has identified the following performance obligations related to the Genentech collaboration:

1. To grant the license for its Hedgehog antagonist programs and to provide service on both a steering committee and co-development steering committee. This performance obligation has been satisfied and only contingent royalty revenue remains to be recognized in the future.

2. To provide reimbursable research and development services. This performance obligation has been satisfied and no revenue remains to be recognized in the future.

The Company recognized $10.7 million and $10.4 million in royalty revenues under the Genentech collaboration during the years ended December 31, 2020 and December 31, 2019, respectively. The Company also recorded $0.5 million as cost of royalty revenues within the costs and expenses section of its consolidated statements of operations and comprehensive loss during these same periods. Cost of royalty revenues is comprised of the 5% of the royalties earned by Curis Royalty with respect to Erivedge outside Australia, and 5% direct net sales in Australia (subject to decrease on expiration of the patent in April 2019 to 5% of the royalty payments that Curis Royalty receives from Genentech, through February 2022), that the Company is obligated to pay to university licensors.

As further discussed in Note 9, a portion of royalty revenues received from Genentech on net sales of Erivedge will be paid to the Purchasers pursuant to the Oberland Purchase Agreement. The Company recorded other revenue of $0.1 million during the years ended December 31, 2020 and December 31, 2019, related to expenses incurred by the Company on behalf of Genentech that were paid by the Company and for which Genentech is obligated to reimburse the Company.

Genentech incurred expenses of $0.2 million and $0.2 million in 2020 and 2019, respectively, under this collaboration for which the Company is obligated to reimburse to Genentech, and which the Company has recorded as contra-revenues in its consolidated statements of operations and comprehensive loss. The Company will continue to recognize revenue for expense reimbursement as such reimbursable expenses are incurred, provided that the provisions of the *ASC 606* are met.

The Company has recorded as amounts receivable from Genentech under this collaboration, comprised primarily of Erivedge royalties earned in the fourth quarters of 2020 and 2019 of $3.0 million and $3.2 million as of December 31, 2020 and 2019, respectively, in "accounts receivable" in the Company's current assets section of its consolidated balance sheets.

(b) Aurigene

In January 2015, the Company entered into an exclusive collaboration agreement with Aurigene for the discovery, development and commercialization of small molecule compounds in the areas of immuno-oncology and selected precision oncology targets. Under the collaboration agreement, Aurigene granted the Company an option to obtain exclusive, royalty-bearing licenses to relevant Aurigene technology to develop, manufacture and commercialize products containing certain of such compounds anywhere in the world, except for India and Russia, which are territories retained by Aurigene.

In connection with the collaboration agreement, the Company issued to Aurigene 3,424,026 shares of its common stock valued at $24.3 million in partial consideration for the rights granted to the Company under the collaboration agreement, which the Company recognized as expense during the year ended December 31, 2015. The shares were issued pursuant to a stock purchase agreement with Aurigene dated January 18, 2015.

In September 2016, the Company and Aurigene entered into an amendment to the collaboration agreement. Under the terms of the amendment, in exchange for the issuance by the Company to Aurigene of 2,041,666 shares of its common stock, Aurigene waived payment of up to a total of $24.5 million in potential milestones and other payments associated with the first four programs in the collaboration that may have become due from the Company under the collaboration agreement. To the

extent any of these waived milestones or other payments are not payable by the Company, for example in the event one or more of the milestone events do not occur, the Company will have the right to deduct the unused waived amount from any one or more of the milestone payment obligations tied to achievement of commercial milestone events. The amendment also provides that, in the event supplemental program activities are performed by Aurigene, the Company will provide up to $2.0 million of additional funding for each of the third and fourth licensed program. The shares were issued pursuant to a stock purchase agreement with Aurigene dated September 7, 2016.

In February 2020, the Company and Aurigene further amended their collaboration agreement. Under the terms of the amended agreement, Aurigene will fund and conduct a Phase 2b/3 randomized study evaluating CA-170, in combination with chemoradiation, in approximately 240 patients with non-squamous non-small cell lung cancer (nsNSCLC). In turn, Aurigene receives rights to develop and commercialize CA-170 in Asia, in addition to its existing rights in India and Russia, based on the terms of the original agreement. The Company retains U.S., European Union, and rest of world rights to CA-170, and is entitled to receive royalty payments on potential future sales of CA-170 in Asia at percentage rates ranging from the high single digits up to 10% subject to specified reductions.

As of December 31, 2020, the Company has exercised its option to license the following four programs under the collaboration:

1. IRAK4 Program - a precision oncology program of small molecule inhibitors of IRAK4. The development candidate is CA-4948, an orally available small molecule inhibitor of IRAK4.
2. PD1/VISTA Program - an immuno-oncology program of small molecule antagonists of PD1 and VISTA immune checkpoint pathways. The development candidate is CA-170, an orally available small molecule antagonist of VISTA and PDL1.
3. PD1/TIM3 Program - an immuno-oncology program of small molecule antagonists of PD1 and TIM3 immune checkpoint pathways. The development candidate is CA-327, an orally available small molecule antagonist of PDL1 and TIM3.
4. In March 2018, the Company exercised its option to license a fourth program, which is an immuno-oncology program.

For each of the licensed programs (as described above) the Company is obligated to use commercially reasonable efforts to develop, obtain regulatory approval for, and commercialize at least one product in each of the U.S., specified countries in the European Union and Japan, and Aurigene is obligated to use commercially reasonable efforts to perform its obligations under the development plan for such licensed program in an expeditious manner.

Since January 2015, the Company has paid $14.5 million in research payments and Aurigene has waived $19.5 million in milestone payments under the terms of the collaboration agreement.

For each of the IRAK4, PD1/VISTA, PD1/TIM3 programs, and the fourth immuno-oncology program, the Company has remaining unpaid or unwaived payment obligations of $42.5 million per program, related to regulatory approval and commercial sales milestones, plus specified additional payments for approvals for additional indications, if any.

In addition to the collaboration agreement, in June 2017, the Company entered into a master development and manufacturing agreement with Aurigene for the supply of drug substance and drug product, under which it has made cash payments to Aurigene of $1.0 million in 2020 and $1.4 million in 2019.

(c) ImmuNext

On January 6, 2020, the Company entered into an Option and License Agreement with ImmuNext (the "ImmuNext Agreement"). Under the terms of the ImmuNext Agreement, the Company agreed to engage in a collaborative effort with ImmuNext, and to conduct a Phase 1a/1b clinical trial of CI-8993. In exchange, ImmuNext granted the Company an exclusive option, exercisable until the earlier of (a) four years after January 6, 2020 and (b) 90 days after database lock for the first Phase 1a/1b trial in which the endpoints are satisfied (the "Option Period"), to obtain an exclusive, worldwide license to develop and commercialize certain VISTA antagonizing compounds and products containing these compounds (the "VISTA Compounds and Products") in the field of oncology.

A joint steering committee composed of representatives from each of the parties will manage the non-clinical and clinical development of the VISTA Compounds and Products during the Option Period, including, but not limited to, the approval of the plan for the Phase 1a/1b trial.

During the Option Period, the Company will conduct the Phase 1a/1b trial and ImmuNext will conduct certain agreed upon non-clinical research activities to support the Phase 1a/1b trial. Additionally, the Company will assign to ImmuNext all right, title and interest in and to, inventions made by the Company alone or jointly with ImmuNext in conducting clinical and non-clinical activities under the ImmuNext Agreement and any patent rights covering those inventions. If the option is exercised, ImmuNext will assign to the Company (i) all such inventions that were made solely by the Company and any patent

rights covering those inventions that were assigned by the Company to ImmuNext during the Option Period and (ii) a joint ownership interest in all such inventions that were made jointly by the Company and ImmuNext and patent rights covering those inventions that were assigned by the Company to ImmuNext during the Option Period, except for any of those inventions that relates to certain compounds to which ImmuNext has retained exclusive rights.

In consideration of the grant of the option, the Company made an upfront payment to ImmuNext of $1.3 million which is included in research and development expense as the acquired intellectual property is not yet completed.

If the Company elects to exercise the option, the Company has agreed to pay to ImmuNext an option exercise fee of $20.0 million.

If the Company elects to exercise the option, ImmuNext will be eligible to receive up to $4.6 million in potential development milestones, up to $84.3 million in potential regulatory approval milestones, and up to $125.0 million in potential sales milestone payments from the Company. In addition, ImmuNext is eligible to receive tiered royalties on annual net sales on a product-by-product and country-by-country basis, at percentage rates ranging from high single digits to low double digits, subject to specified adjustments.

The royalty payment obligations under the ImmuNext Agreement with respect to a product in a country will expire on the later of (i) expiration of the last-to-expire valid claim of the ImmuNext patents or jointly owned patents covering the manufacture, use or sale of such product in such country, (ii) the expiration of all regulatory exclusivity for such product in such country, and (iii) 10 years from the first commercial sale of such product in such country.

In partial consideration for drug substance, technical advice, and maintenance of ImmuNext's existing IND and access to ImmuNext's technology, the Company has agreed to make semi-annual maintenance fee payments of $0.4 million to ImmuNext during the Option Period. In addition, the Company has agreed to reimburse ImmuNext for certain documented external costs and expenses incurred by ImmuNext in carrying out non-clinical research activities approved by the joint steering committee, up to $0.3 million per calendar year, unless otherwise agreed to by both parties in writing.

In addition, the Company has agreed to pay ImmuNext a low double-digit percentage of sublicense revenue received by the Company or its Affiliates.

Unless earlier terminated, the ImmuNext Agreement will expire upon either: (a) expiration of the Option Period if the Company has not exercised the option; or (b) expiration of all royalty payment obligations for any and all products. Upon expiration (but not on earlier termination) of the ImmuNext Agreement after exercise of the option, the license granted by ImmuNext to the Company shall automatically become fully paid-up, royalty-free, irrevocable and perpetual.

(12) Stock Plans and Stock-Based Compensation

As of December 31, 2020, the Company had two shareholder-approved, stock-based compensation plans: (i) the Amended and Restated 2010 Employee Stock Purchase Plan, ("ESPP"), adopted by the Board of Directors in April 2017 and approved by shareholders in June 2017, and (ii) the Third Amended and Restated 2010 Stock Incentive Plan, ("2010 Plan"). New employees are typically issued options as an inducement equity award under Nasdaq Listing Rule 5635(c)(4) outside of the 2010 Plan.

The Third Amended and Restated 2010 Stock Incentive Plan

The 2010 Plan permits the granting of incentive and non-qualified stock options and stock awards to employees, officers, directors, and consultants of the Company and its subsidiaries at prices determined by the Company's Board of Directors. On June 4, 2020, the Company's stockholders approved an amendment to the Company's Third Amended and Restated 2010 Stock Incentive Plan to reserve an additional 1,300,000 shares of common stock for issuance under the 2010 Plan. The Company can issue up to 12,190,000 shares of its common stock pursuant to awards granted under the 2010 Plan. Options become exercisable as determined by the Board of Directors and expire up to ten years from the date of grant. The 2010 Plan uses a "fungible share" concept under which each share of stock subject to awards granted as options and stock appreciation rights ("SARs"), will cause one share per share under the award to be removed from the available share pool, while each share of stock subject to awards granted as restricted stock, restricted stock units, other stock-based awards or performance awards where the price charged for the award is less than 100% of the fair market value of the Company's common stock will cause 1.3 shares per share under the award to be removed from the available share pool. As of December 31, 2020, the Company had only granted options to purchase shares of the Company's common stock with an exercise price equal to the closing market price of the Company's common stock on the Nasdaq Global Market on the grant date. As of December 31, 2020, 3,765,515 shares remained available for grant under the 2010 Plan.

During the year ended December 31, 2020, the Company's board of directors granted options to purchase 2,398,150 shares of the Company's common stock to officers and employees of the Company under the 2010 Plan. These options vest and become exercisable as to 25% of the shares underlying the award after the first year and as to an additional 6.25% of the shares

underlying the award in each subsequent quarter, based upon continued employment over a four-year period, and are exercisable at a price equal to the closing price of the Company's common stock on the Nasdaq Global Market on the grant dates.

During the first quarter of 2020, the Company's board of directors granted options to its non-employee directors to purchase 720,000 shares of common stock under the 2010 Plan, which will vest and become exercisable in one year from the date of grant. These options were granted at an exercise price that equaled the closing market price of the Company's common stock on the Nasdaq Global Market on the grant date.

During the year ended December 31, 2020, the Company's board of directors did not grant any restricted stock awards ("RSA") to officers of the Company. There remain RSAs for an aggregate amount of 20,624 shares outstanding of the Company's common stock previously issued under the 2010 Plan. These RSAs will vest as to 25% of the shares underlying the RSA on the first anniversary of the date of grant and as to an additional 25% annually thereafter until all such shares become vested, based upon continued service to the Company over a four-year period.

Nonstatutory Inducement Grants

For certain new employees the Company issued options as an inducement equity award under Nasdaq Listing Rule 5635(c)(4) outside of the 2010 Plan. The option will vest as to 25% of the shares underlying the option on the first anniversary of the grant date, and as to an additional 6.25% of the shares underlying the option on each successive three-month period thereafter. During the year ended December 31, 2020, the Company's board of directors granted inducement equity awards of 250,000 shares of common stock. These options were granted at a weighted average exercise price of $1.33, which is based on the closing market price of the Company's common stock on the Nasdaq Global Market on the grant date.

Employee and Director Grants

Vesting Tied to Service Conditions

In determining the fair value of stock options, the Company generally uses the Black-Scholes option pricing model. The Black-Scholes option pricing model employs the following key assumptions for employee and director options awarded during each of the following years:

	For the Year Ended December 31,	
	2020	2019
Expected term (years)	5.5	5.5
Risk-free interest rate	0.4-1.7%	1.5-2.6%
Expected volatility	80-81%	76-79%
Expected dividend yield	None	None

The following table summarizes details regarding stock options granted under the Company's equity incentive plans for the year ended December 31, 2020:

	Number of Options	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value (000's)
Outstanding, December 31, 2019	6,158,026	$ 3.43	8.33	
Granted	3,368,150	1.27		
Exercised	(391,122)	1.86		
Canceled	(467,049)	2.55		
Outstanding, December 31, 2020	8,668,005	$ 2.71	7.98	$ 51,339
Exercisable at December 31, 2020	3,437,551	$ 4.68	6.88	$ 15,821
Vested and unvested expected to vest	8,039,167	$ 2.81	7.91	$ 47,024

At December 31, 2020, the weighted average fair values of stock options granted with standard vesting terms during the years ended December 31, 2020 and December 31, 2019 were $0.84 and $0.85 per share of common stock underlying such stock options, respectively. As of December 31, 2020, there was approximately $3.0 million, including the impact of estimated forfeitures, of unrecognized compensation cost related to unvested employee stock option awards outstanding under the Company's 2010 Plan that is expected to be recognized as expense over a weighted average period of 2.2 years. The intrinsic value of employee stock options exercised during the year ended December 31, 2020 was $2.0 million.

The following table presents a summary of outstanding RSAs under the 2010 Plan as of December 31, 2020:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested, December 31, 2019	30,937	$ 3.45
Awarded	—	—
Vested	(10,313)	3.45
Forfeited	—	—
Unvested, December 31, 2020	20,624	$ 3.45

As of December 31, 2020, there were 20,624 shares outstanding covered by RSAs that are expected to vest. The weighted average grant date fair value of these shares of restricted stock was $3.45 per share and the aggregate fair value of these shares of restricted stock was approximately $0.1 million. As of December 31, 2020, there were approximately $0.1 million of unrecognized compensation costs, net of estimated forfeitures, related to RSAs granted to officers and non-employee directors, which are expected to be recognized as expense over a remaining weighted average period of 1.06 years.

Second Amended and Restated 2010 Employee Stock Purchase Plan (ESPP)

The Company has reserved 2,000,000 of its shares of common stock for issuance under the ESPP. Eligible employees may purchase shares of the Company's common stock at 85% of the lower closing market price of the common stock at the beginning of the enrollment period or ending date of the any purchase period within a two-year enrollment period, as defined. The Company has four six-month purchase periods per each two-year enrollment period. If, within any one of the four purchase periods in an enrollment period, the purchase period ending stock price is lower than the stock price at the beginning of the enrollment period, the two-year enrollment resets at the new lower stock price. This aspect of the plan was amended in 2017. Prior to 2017, the plan included two six-month purchase period per year with no defined enrollment period. As of December 31, 2020, 402,610 shares were issued under the ESPP, of which 80,544 were issued during the year ended December 31, 2020. As of December 31, 2020, there were 1,597,390 shares available for future purchase under the ESPP.

For the years ended December 31, 2020 and December 31, 2019, the Company recorded compensation expense related to its ESPP and calculated the fair value of shares expected to be purchased under the ESPP using the Black-Scholes models with the following assumptions:

	For the Year Ended December 31,	
	2020	2019
Compensation expense recognized under ESPP (in thousands)_	$ 56	$ 49
Expected term	6-24 months	6-24 months
Risk-free interest rate	0.1-0.2%	1.5-2.1%
Volatility	97-219%	92-97%
Dividends	None	None

Employee Stock-Based Compensation Expense

Stock-based compensation for employee and director stock option grants for the years ended December 31, 2020 and December 31, 2019 of $2.7 million and $2.7 million, respectively, was calculated using the above valuation models and has been included in the Company's results of operations. The total fair value of vested stock options for the years ended December 31, 2020 and December 31, 2019 was $2.7 million and $2.0 million, respectively.

Total Stock-Based Compensation Expense

For the years ended December 31, 2020 and December 31, 2019, the Company recorded employee and non-employee stock-based compensation expense to the following line items in its Costs and Expenses section of the Consolidated Statements of Operations and Comprehensive Loss:

	For the Year Ended December 31,	
	2020	2019
Research and development expenses	$ 731	$ 575
General and administrative expenses	1,967	2,083
Total stock-based compensation expense	$ 2,698	$ 2,658

No income tax benefits have been recorded for the years ended December 31, 2020 or December 31, 2019, as the Company has recorded a full valuation allowance and management has concluded that it is more likely than not that the net deferred tax assets will not be realized (see Note 14).

(13) Retirement Savings Plan

The Company has a 401(k) retirement savings plan covering substantially all of the Company's employees. For each of the years ended December 31, 2020 and December 31, 2019, the Company made matching contributions of $0.2 million and $0.2 million respectively.

(14) Income Taxes

For the years ended December 31, 2020 and December 31, 2019, the Company did not record any federal or state income tax expense given its continued operating losses.

A reconciliation between income tax benefit and the expected tax benefit at the statutory rate for the years ended December 31, 2020 and December 31, 2019 are as follows:

	For the Year Ended December 31,	
	2020	2019
Statutory federal income tax rate	21.0 %	21.0 %
State income taxes, net of federal benefit	6.1 %	6.1 %
Research and development tax credits	4.1 %	2.7 %
Orphan drug tax credits	2.3 %	4.6 %
Expiration of NOLs/Credits	(29.8)%	(4.0)%
Permanent adjustments and other	0.3 %	(0.6)%
Change in valuation allowance	(4.0)%	(29.8)%
Effective income tax rate	— %	— %

The principle components of the Company's deferred tax assets at December 31, 2020 and December 31, 2019, respectively, are as follows:

	December 31,	
	2020	2019
Deferred Tax Assets:		
NOL carryforwards	$ 60,759	$ 58,654
Research and development tax credit carryforwards	14,923	15,408
Orphan drug tax credit carryforwards	18,778	18,088
Depreciation and amortization	8,478	9,671
Capitalized research and development expenditures	34,832	34,487
Stock options	6,584	6,329
Accrued expenses and other	708	131
Oberland agreement	15,872	17,022
Lease liability ASC 842	1,846	45
Total gross deferred tax asset	162,780	159,835
Valuation allowance	(160,987)	(159,794)
Net deferred tax asset	$ 1,793	$ 41
Deferred tax liabilities:		
Right of use asset ASC 842	(1,793)	(41)
Total gross deferred tax liabilities	$ (1,793)	$ (41)
Net deferred tax assets (liabilities)	$ —	$ —

For the years ended December 31, 2020 and 2019, the Company had federal net operating losses ("NOL"), of $251.3 and $251.2 million, respectively. The operating losses generated prior to 2021 will expire in years 2021 through 2037, unless previously utilized. The federal operating loss carryforward generated in 2021 and later can be carried forward indefinitely and can be used to offset up to 80% of taxable income of each future tax year. For the years ended December 31, 2020 and 2019, the Company had state NOLs of $126.5 and $93.6 million, respectively. The operating losses will expire in years 2021 through 2039, unless previously utilized.

For the years ended December 31, 2020 and 2019, the Company had federal research and development credit carryforwards of $11.4 million and $11.9 million, respectively. The credits will expire in the years 2021 through 2040.

For the years ended December 31, 2020 and 2019, the Company had state research and development credit carryforwards of $4.5 million and $4.4 million, respectively. The credits will expire in the years 2021 through 2035, unless previously utilized.

For the years ended December 31, 2020 and 2019, the Company had orphan drug tax credit carryforwards of $18.8 million and $18.1 million, these credits, if any, relate to qualified expenses incurred for CUDC-907 since receiving the Orphan Drug designation.

As required by U.S. GAAP, the Company's management has evaluated the positive and negative evidence bearing upon the realizability of its deferred tax assets, and has determined that it is more likely than not that the Company will not recognize the benefits of the deferred tax assets. Accordingly, a valuation allowance of approximately $161.0 million has been established at December 31, 2020.

The valuation allowance increased approximately $1.2 million and $9.6 million during the years ended December 31, 2020 and 2019. The increases in the valuation allowance are primarily due to an increase in net deferred tax assets with an offsetting valuation allowance related to income recorded for tax related to the Oberland royalty purchase agreement.

Utilization of the NOL may be subject to a substantial annual limitation under Section 382 of the Internal Revenue Code of 1986 due to ownership change limitations that have occurred previously or that could occur in the future. These ownership changes may limit the amount of NOL carryforwards that can be utilized annually to offset future taxable income and tax, respectively. The Company completed a §382 study in 2019 and determined no ownership changes have occurred and no limitation on NOLs through December 31, 2018. There could be additional ownership changes in the future, which may result in additional limitations in the utilization of the carryforward NOLs and credits, and the Company does not expect to have any taxable income for the foreseeable future.

An individual tax position must satisfy for some or all of the benefits of that position to be recognized in a company's financial statements. At December 31, 2020 and 2019, the Company had no unrecognized tax benefits. The Company has not, as yet, conducted a study of its R&D credit carryforwards. This study may result in an adjustment to the Company's R&D credit carryforwards, however, until a study is completed and any adjustment is known, no amounts are being presented as an uncertain tax position under FASB Codification Topic 740 *Income Taxes*. A full valuation allowance has been provided against the Company's R&D credits and, if an adjustment is required, this adjustment would be offset by an adjustment to the valuation allowance. Thus, there would be no impact to the consolidated balance sheet or statement of operations if an adjustment were required.

The tax years 2005 through 2020 remain open to examination by major taxing jurisdictions to which the Company is subject, which are primarily in the U.S., as carryforward attributes generated in years past may still be adjusted upon examination by the Internal Revenue Service ("IRS") or state tax authorities if they have or will be used in a future period. The Company is currently not under examination by the IRS or any other jurisdictions for any tax years. The Company recognizes both accrued interest and penalties related to unrecognized benefits in income tax expense. The Company has not recorded any interest or penalties on any unrecognized tax benefits since its inception.

(15) Related Party Transactions

Agreement with Head of Research and Development - Robert E. Martell, M.D., Ph.D.

On October 17, 2018, the Company entered into an exclusive option and license agreement with Epi-Cure Pharmaceuticals, Inc., ("Epi-Cure") a privately held early-stage biotechnology company. Robert E. Martell, M.D., Ph.D., the Company's Head of Research and Development and a former director of the Company, is a founder of Epi-Cure, was formerly an officer and director of Epi-Cure, and is currently a holder of a convertible promissory note to Epi-Cure. Under the terms of the option and license agreement, Epi-Cure has granted Curis an exclusive option to certain program compounds that may arise during the initial research and development period, and any extension thereof. Upon execution of the option and license agreement, the Company provided Epi-Cure an upfront payment of $0.1 million for legal and consulting costs incurred by Epi-Cure in connection with the transaction. In July 2019, the Company extended the research and development period of the program until April 2020, as permitted under the terms of the agreement.

Under the terms of the agreement, Epi-Cure will have primary responsibility for conducting research and development activities and Curis will be responsible for funding up to $0.5 million of the research and development program costs and expenses during the initial research and development period. After the end of the initial research and development period, which ended in April 2020, Curis had sixty days to elect to exercise its option to license the program compounds. In June 2020, the Company decided not to exercise its option to license the program compounds, and the agreement expired.

For the periods ended December 31, 2020 and 2019, Curis has paid and expensed $0.1 million and $0.3 million, respectively, of fees related to this agreement.

(16) Selected Quarterly Financial Data (Unaudited)

The following are selected quarterly financial data for the years ended December 31, 2020 and December 31, 2019:

	Quarter Ended			
(in thousands, except share and per share amounts)	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020
Revenues	$ 2,709	$ 2,360	$ 2,742	$ 3,024
Loss from operations	(8,482)	(5,430)	(4,711)	(6,275)
Net loss	(9,709)	(6,708)	(5,974)	(7,517)
Net loss per common share (basic and diluted)	$ (0.28)	$ (0.17)	$ (0.11)	$ (0.11)
Weighted average common shares (basic and diluted)	34,453,189	39,517,045	54,554,129	66,363,229

	Quarter Ended			
(in thousands, except share and per share amounts)	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Revenues	$ 1,767	$ 2,094	$ 2,856	$ 3,287
Loss from operations	(5,558)	(6,141)	(5,323)	(7,334)
Net loss	(9,884)	(7,213)	(6,436)	(8,609)
Net loss per common share (basic and diluted)	$ (0.30)	$ (0.22)	$ (0.19)	$ (0.26)
Weighted average common shares (basic and diluted)	33,150,869	33,154,566	33,202,871	33,209,217

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls & Procedures

Our management, with the participation of our chief executive officer, and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2020. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2020, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective.

Management's report on internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, is included in Item 8 of this annual report on Form 10-K and is incorporated herein by reference.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its 2013 *Internal Control—Integrated Framework*.

Changes in Internal Control Over Financial Reporting

No changes in our internal control over financial reporting occurred during the fourth quarter of the fiscal year ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

On March 16, 2021, we entered into a Sales Agreement, or Sales Agreement, with Cantor Fitzgerald & Co., or Cantor, and JonesTrading Institutional Services LLC, or JonesTrading, under which we may issue and sell shares of common stock, from time to time, having an aggregate offering price of up to $100.0 million. Sales of common stock to or through Cantor and JonesTrading may be made by any method that is deemed an "at the market" offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended. Cantor and JonesTrading have agreed to use their commercially reasonable efforts consistent with their normal trading and sales practices to sell our shares of common stock based upon our instructions. We are not obligated to make any sales of our common stock under the Sales Agreement. Any sales under the Sales Agreement will be made pursuant to a prospectus relating to such offering to be filed with the Securities and Exchange Commission.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information concerning directors that is required by this Item 10 will be set forth in our proxy statement for our 2021 annual meeting of stockholders under the headings "Directors and Nominees for Director," and "Board Committees" which information is incorporated herein by reference. The information concerning our code of ethics is set forth in our proxy statement under the heading "Code of Business Conduct and Ethics." The name, age, and position of each of our executive officers is set forth under the heading "Information about our Executive Officers" in Part I of this Annual Report on Form 10-K, which information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this Item 11 will be set forth in our proxy statement for our 2021 annual meeting of stockholders under the headings "Executive and Director Compensation and Related Matters," "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report," which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this Item 12 relating to security ownership of certain beneficial owners and management will be set forth in our 2021 proxy statement under the caption "Security Ownership of Certain Beneficial Owners and Management" and is incorporated herein by reference. Information required by this Item 12 relating to securities authorized for issuance under equity compensation plans will be set forth in our 2021 proxy statement under the caption "Executive and Director Compensation and Related Matters—Securities Authorized for Issuance Under Equity Compensation Plans" and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this Item 13 will be set forth in our proxy statement for our 2021 annual meeting of stockholders under the headings "Policies and Procedures for Related Person Transactions," "Determination of Independence" and "Board Committees," which information is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this Item 14 will be set forth in our proxy statement for our 2021 annual meeting of stockholders under the heading "Independent Registered Public Accounting Firm's Fees and Other Matters," which information is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) *Financial Statements*.

(a)(2) *Financial Statement Schedules*.

All schedules are omitted because they are not applicable or the required information is shown in the Financial Statement or Notes thereto.

(a)(3) *List of Exhibits*.

Exhibit No.	Description	Link to Filing	Incorporated by Reference			Filed with this 10-K
			Form	SEC Filing Date	Exhibit Number	
	Articles of Incorporation and By-laws					
3.1	Restated Certificate of Incorporation of Curis, Inc., as amended	Link	10-Q	8/4/2020	3.1	
3.2	Certificate of Designations of Curis, Inc.	Link	S-3 (333-50906)	8/10/2001	3.2	
3.3	Amended and Restated By-laws of Curis, Inc.	Link	10-K	2/29/2016	3.3	
	Instruments defining the rights of security holders, including indentures					
4.1	Form of Curis Common Stock Certificate	Link	10-K	3/1/2004	4.1	
4.2	Description of Registrants' Securities	Link				X
	Material contracts—Management Contracts and Compensatory Plans					
#10.1	Employment Agreement, dated March 29, 2016, as amended September 24, 2018 by and between Curis, Inc. and James E. Dentzer.	Link	10-Q	11/1/2018	10.2	
#10.2	Employment Agreement, dated September 11, 2019 between Curis, Inc. and William E. Steinkrauss	Link	10-Q	11/5/2019	10.1	
#10.3	Employment Agreement, dated June 1, 2018, by and between Curis, Inc. and Robert E. Martell, M.D., Ph.D.	Link	10-Q	8/2/2018	10.2	
#10.4	Form of Indemnification Agreement, by and between Curis, Inc. and each non-employee director of the Board of Directors of Curis, Inc.	Link	10-Q	8/7/2014	10.3	
#10.5	Curis 2000 Stock Incentive Plan	Link	S-4/ A (333-32446)	5/31/2000	10.71	
#10.6	Curis 2000 Director Stock Option Plan	Link	S-4/A (333-32446)	5/31/2000	10.72	

Exhibit No.	Description	Link to Filing	Incorporated by Reference			Filed with this 10-K
			Form	SEC Filing Date	Exhibit Number	
#10.7	Form of Incentive Stock Option Agreement for awards granted to named executive officers under Curis' 2000 Stock Incentive Plan	Link	10-Q	10/26/2004	10.2	
#10.8	Form of Non-statutory Stock Option Agreement for awards granted to directors and named executive officers under Curis' 2000 Stock Incentive Plan	Link	10-Q	10/26/2004	10.3	
#10.9	Form of Non-statutory Stock Option Agreement for awards granted to non-employee directors under Curis' 2000 Director Stock Option Plan	Link	10-Q	10/26/2004	10.4	
#10.10	Curis 2010 Stock Incentive Plan	Link	Def 14A	4/16/2010	Exhibit A	
#10.11	Curis 2010 Employee Stock Purchase Plan	Link	Def 14A	4/16/2010	Exhibit B	
#10.12	Form of Incentive Stock Option Agreement for awards granted to named executive officers under Curis' 2010 Stock Incentive Plan	Link	8-K	6/4/2010	10.1	
#10.13	Form of Non-Statutory Stock Option Agreement for awards granted to directors and named executive officers under Curis' 2010 Stock Incentive Plan	Link	8-K	6/4/2010	10.2	
#10.14	Form of Restricted Stock Agreement for awards granted to directors and named executive officers under Curis' 2010 Stock Incentive Plan	Link	8-K	6/4/2010	10.3	
#10.15	Curis Amended and Restated 2010 Stock Incentive Plan, as amended	Link	8-K	5/28/2015	99.1	
#10.16	Form of Incentive Stock Option Agreement for awards granted to named executive officers under Curis' Amended and Restated 2010 Stock Incentive Plan, as amended	Link	10-K	3/8/2018	10.21	
#10.17	Form of Non-Statutory Stock Option Agreement for awards granted to directors and named executive officers under Curis' Amended and Restated 2010 Stock Incentive Plan, as amended	Link	10-K	3/8/2018	10.22	
#10.18	Form of Restricted Stock Agreement for awards granted to directors and named executive officers under Curis' Amended and Restated 2010 Stock Incentive Plan, as amended	Link	10-K	3/8/2018	10.23	
#10.19	Form of Incentive Stock Option Agreement (Online Acceptance) for awards granted to named executive officers under Curis' Amended and Restated 2010 Stock Incentive Plan	Link	10-K	3/9/2017	10.21	
#10.20	Form of Nonstatutory Stock Option Agreement (Online Acceptance) granted to directors and named executive officers under Curis' Amended and Restated 2010 Stock Incentive Plan	Link	10-K	3/9/2017	10.22	
#10.21	Curis Second Amended and Restated 2010 Stock Incentive Plan	Link	8-K	5/22/2017	99.1	

Exhibit No.	Description	Link to Filing	Incorporated by Reference			Filed with this 10-K
			Form	SEC Filing Date	Exhibit Number	
#10.22	Form of Incentive Stock Option Agreement for awards granted to named executive officers under Curis' Second Amended and Restated 2010 Stock Incentive Plan	Link	10-K	3/8/2018	10.27	
#10.23	Form of Non-Statutory Stock Option Agreement for awards granted to directors and named executive officers under Curis' Second Amended and Restated 2010 Stock Incentive Plan	Link	10-K	3/8/2018	10.28	
#10.24	Form of Restricted Stock Agreement for awards granted to directors and named executive officers under Curis' Second Amended and Restated 2010 Stock Incentive Plan	Link	10-K	3/8/2018	10.29	
#10.25	Form of Nonstatutory Stock Option Agreement - Inducement Grant pursuant to Nasdaq Stock Market Rule 5635(c)(4)	Link	S-8	1/6/2017	99.1	
#10.26	Curis Third Amended and Restated 2010 Stock Incentive Plan, as amended	Link	8-K	6/10/2020	99.1	
#10.27	Curis Amended and Restated 2010 Employee Stock Purchase Plan, as amended	Link	10-K	3/8/2018	10.31	
	Material contracts—Leases					
10.28	Lease, dated December 5, 2019, by and between Curis, Inc. and 128 Spring Street Lexington, LLC relating to the premises at 128 Spring Street, Lexington, Massachusetts	Link	8-K	12/6/2019	10.1	
	Material contracts—Financing Agreements					
10.29	Consent and Payment Direction Letter Agreement, dated November 20, 2012 and effective as of December 11, 2012 by and between Curis, Inc., Curis Royalty LLC and Genentech, Inc.	Link	10-K	3/13/2013	10.32	
10.30	Consent and Payment Direction Letter Agreement, dated March 3, 2017 by and between Curis, Inc., Curis Royalty LLC and Genentech, Inc.	Link	10-K	3/9/2017	10.28	
†10.31	Purchase and Sale Agreement, dated as of December 11, 2012 between Curis, Inc. and Curis Royalty LLC	Link	10-K	3/13/2013	10.33	
†10.32	Royalty Interest Purchase Agreement, dated March 22, 2019, by and between, Curis, Inc., Curis Royalty LLC, a wholly owned subsidiary of Curis, Inc., TPC Investments I LP and TPC Investments II LP	Link	10-K	3/26/2019	10.40	
10.33	Security Agreement, dated March 22, 2019, by and between, Curis Royalty LLC, a wholly owned subsidiary of Curis, Inc., TPC Investments I LP and TPC Investments II LP	Link	10-K	3/26/2019	10.41	
10.34	Pledge Agreement, dated March 22, 2019, by and between, Curis, Inc., TPC Investments I LP and TPC Investments II LP	Link	10-K	3/26/2019	10.42	
10.35	Consent and Payment Direction Letter Agreement, dated March 22, 2019, by and between Curis, Inc., Curis Royalty LLC and Genentech, Inc.	Link	10-K	3/26/2019	10.43	
	Material contracts—License and Collaboration Agreements					

Exhibit No.	Description	Link to Filing	Incorporated by Reference			Filed with this 10-K
			Form	SEC Filing Date	Exhibit Number	
†10.36	Collaborative Research, Development and License Agreement, dated June 11, 2003, by and between Curis, Inc. and Genentech, Inc.	Link	10-Q	8/6/2015	10.1	
††10.37	Collaboration, License and Option Agreement, dated January 18, 2015, by and between Curis, Inc. and Aurigene Discovery Technologies Limited	Link				X
††10.38	First Amendment to Collaboration, License and Option Agreement, dated September 7, 2016, by and between Curis, Inc. and Aurigene Discovery Technologies Limited	Link				X
†10.39	Second Amendment to Collaboration, License and Option Agreement, dated February 5, 2020, by and between Curis, Inc. and Aurigene Discovery Technologies Limited	Link	10-K	3/19/2020	10.41	
†10.40	Option and License Agreement, dated January 6, 2020 by and between Curis, Inc and ImmuNext, Inc.	Link	10-K	3/19/2020	10.42	
	Material contracts—Miscellaneous					
10.41	Common Stock Purchase Agreement, dated January 18, 2015, by and between Curis, Inc. and Aurigene Discovery Technologies Limited	Link	10-K	2/24/2015	10.34	
10.42	Stock Purchase Agreement, dated September 7, 2016, by and between Curis, Inc. and Aurigene Discovery Technologies Limited	Link	10-Q	11/3/2016	10.3	
10.43	Registration Rights Agreement, dated January 18, 2015, by and between Curis, Inc. and Aurigene Discovery Technologies Limited	Link	10-K	2/24/2015	10.35	
10.44	Registration Rights Agreement, dated September 7, 2016, by and between Curis, Inc. and Aurigene Discovery Technologies Limited	Link	10-Q	11/3/2016	10.4	
10.45	Common Stock Purchase Agreement, dated February 26, 2020, by and between Curis, Inc. and Aspire Capital Fund, LLC	Link	8-K	2/27/2020	10.1	
10.46	Registration Rights Agreement, dated February 26, 2020, by and between Curis, Inc. and Aspire Capital Fund. LLC	Link	8-K	2/27/2020	4.1	
10.47	Form of Securities Purchase Agreement, dated June 11, 2020, by and among Curis, Inc. and the Purchasers named therein	Link	8-K	6/11/2020	10.1	
	Code of Conduct					
14	Amended and Restated Code of Business Conduct and Ethics	Link				X
	Additional Exhibits					
21	Subsidiaries of Curis	Link				X
23.1	Consent of PricewaterhouseCoopers LLP	Link				X
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act/15d-14(a) of the Exchange Act	Link				X
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act/15d-14(a) of the Exchange Act	Link				X

Exhibit No.	Description	Link to Filing	Incorporated by Reference			Filed with this 10-K
			Form	SEC Filing Date	Exhibit Number	
32.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(b)/15d-14(b) of the Exchange Act and 18 U.S.C. Section 1350	Link				X
32.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(b)/15d-14(b) of the Exchange Act and 18 U.S.C. Section 1350	Link				X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

# Indicates management contract or compensatory plan or arrangement.

† Confidential treatment has been granted as to certain portions, which portions have been separately filed with the Securities and Exchange Commission.

†† Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CURIS, INC.

By: /s/ JAMES DENTZER

James Dentzer
President and Chief Executive Officer

Date: March 16, 2021

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

Signature	Title	Date
/s/ JAMES DENTZER **James Dentzer**	President, Chief Executive Officer and Director (Principal Executive Officer)	March 16, 2021
/s/ WILLIAM STEINKRAUSS **William Steinkrauss**	Chief Financial Officer (Principal Financial and Accounting Officer)	March 16, 2021
/s/ MARTYN D. GREENACRE **Martyn D. Greenacre**	Chairman of the Board of Directors	March 16, 2021
/s/ KENNETH I. KAITIN **Kenneth I. Kaitin**	Director	March 16, 2021
/s/ LORI A. KUNKEL **Lori A. Kunkel**	Director	March 16, 2021
/s/ MARC RUBIN **Marc Rubin**	Director	March 16, 2021